



CB INDUSTRIAL PRODUCT HOLDING BERHAD

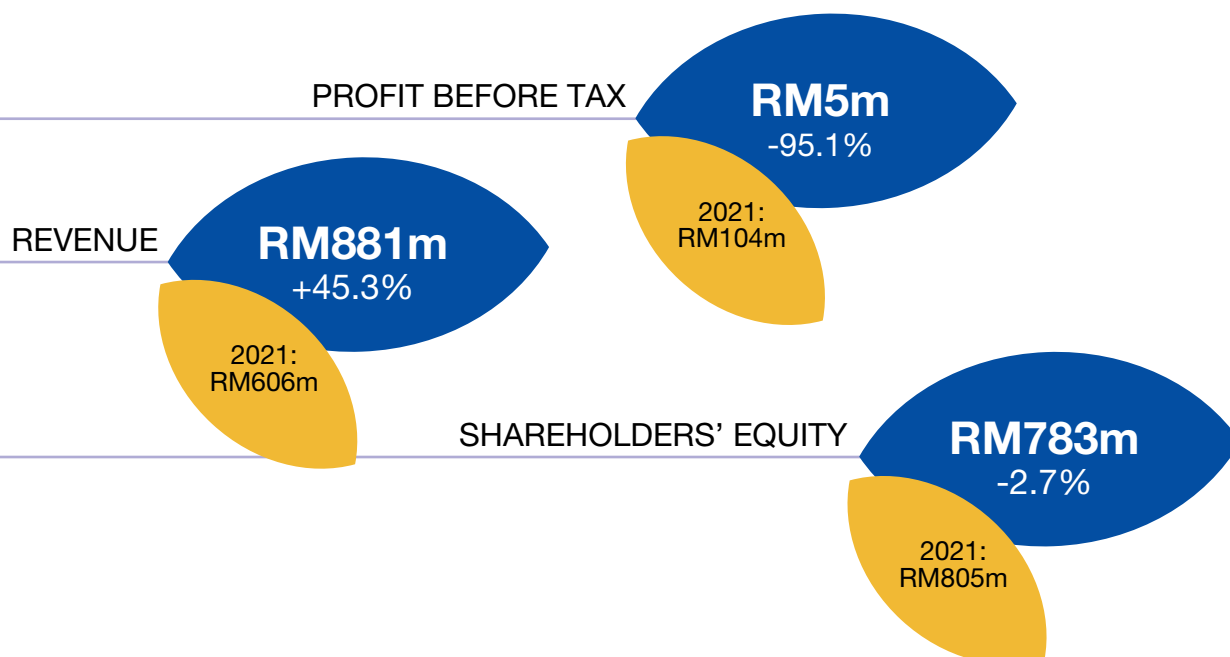
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ANNUAL REPORT 2022

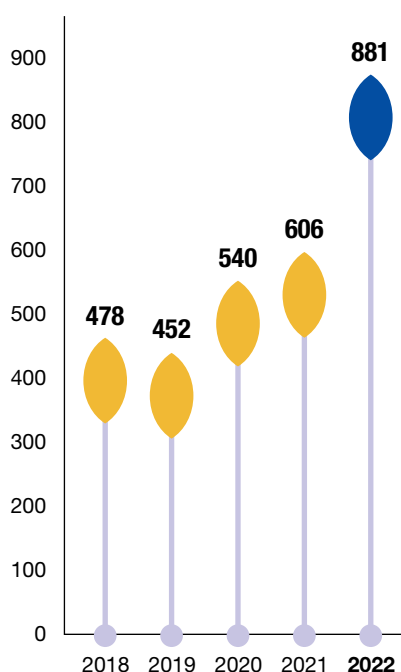
EQUIPPING PALM OIL MILLS WITH GREEN
AND INNOVATIVE TECHNOLOGIES
AROUND THE WORLD

FIVE YEARS FINANCIAL HIGHLIGHTS

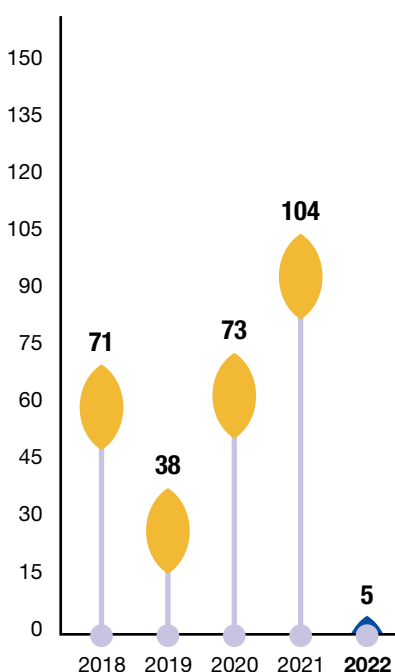


In RM'000	2018	2019	2020	2021	2022
Revenue	478,086	452,487	540,381	606,038	881,342
Profit Before Tax	70,614	37,718	72,710	104,355	4,658
Profit Attributable To Shareholders	23,344	35,500	54,875	86,664	(6,104)
Shareholders' Equity	720,273	726,029	747,065	805,800	783,476
Earnings Per Share (Sen)	4.4	6.6	11.2	17.8	(1.2)

REVENUE
(RM Million)



PROFIT BEFORE TAX
(RM Million)



SHAREHOLDERS' EQUITY
(RM Million)

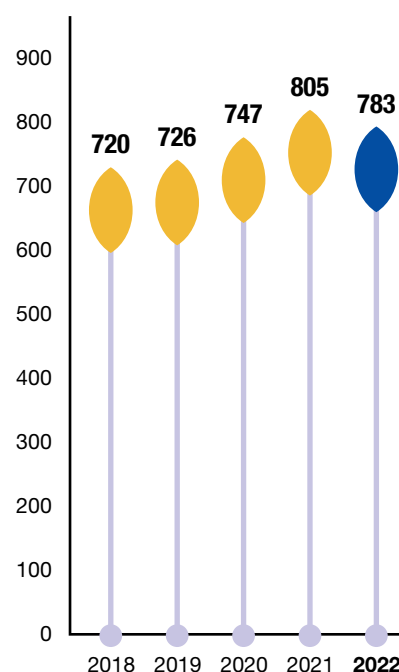


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26th

ANNUAL GENERAL MEETING

Date: 30 May 2023

Time: 10:00am

The 26th Annual General Meeting will be conducted virtually and live-stream via online meeting platform

Broadcast Venue

Aquamarin Room
The Saujana Hotel Kuala Lumpur
Jalan Lapangan Terbang SAAS
40150 Shah Alam
Selangor Darul Ehsan

VISION & MISSION

OUR VISION

To be the preferred provider of innovative engineering products and solutions to the global oil palm industry and related sectors.



OUR MISSION

LEADER

To be the leading global manufacturer and supplier of technologically advanced and cost effective palm oil mills.

INNOVATOR

To be a reliable, reputable, speedy and competitive provider of quality and innovative engineering products and solutions.

CUSTOMERS

To exceed customers expectations through our expertise, research & development and strategic collaborations.

SHAREHOLDERS

To continue to enhance shareholders value.

CORPORATE CITIZEN

To continue to be a responsible corporate citizen who contributes towards its social and environmental responsibilities.

WORKFORCE

To develop a highly motivated, efficient and creative workforce by providing opportunities for growth and a clear career path.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah
Chairman/ Executive Director

Datuk Lim Chai Beng
Managing Director

Lim Zee Ping
Executive Director

Lim Chai Huat
Non-Independent Non-Executive Director

Lee Poi Keong
Senior Independent Non-Executive Director

Karpanadevi A/P K R Somasundram
Independent Non-Executive Director

Dato' Dr Suzana Idayu Wati Binti Osman
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Lee Poi Keong
Chairman, Senior Independent Non-Executive Director

Karpanadevi A/P K R Somasundram
Independent Non-Executive Director

Lim Chai Huat
Non-Independent Non-Executive Director

Dato' Dr Suzana Idayu Wati Binti Osman
Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Karpanadevi A/P K R Somasundram
Chairperson, Independent Non-Executive Director

Lim Chai Huat
Non-Independent Non-Executive Director

Lee Poi Keong
Senior Independent Non-Executive Director

Dato' Dr Suzana Idayu Wati Binti Osman
Independent Non-Executive Director

COMPANY SECRETARIES

Teo Mee Hui (MAICSA 7050642)
(SSM PC No. 202008001081)

Zeena Begum Binti Mohamed Mastan (LS 0009462)
(SSM PC No. 202008002974)

REGISTERED OFFICE

No. 1 Jalan Astaka U8/83
Section 8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

Telephone No. : 603-7845 4115
Facsimile No. : 603-7845 4117
E-mail : info@cbip.com.my
Website : www.cbip.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

Telephone No. : 603-7890 4700
Facsimile No. : 603-7890 4670

AUDITORS

Crowe Malaysia PLT (AF 1018)
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Suite 50-3, Setia Avenue
No. 2, Jalan Setia Prima S U13/S
40170 Shah Alam
Selangor Darul Ehsan

Telephone No. : 603-3343 0730
Facsimile No. : 603-3344 3036

PRINCIPAL BANKERS

AmBank (M) Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : CBIP
Stock Code : 7076

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of CB Industrial Product Holding Berhad (“**CBIPH**” or “**the Company**”), I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2022.

Introduction

For the financial year under review, the Group registered a revenue of RM881.3 million with a profit before tax (“**PBT**”) of RM4.7 million, representing an increase of 45.3% and decrease of 95.1% as compared to the preceding financial year’s revenue of RM606.0 million and PBT of RM104.4 million, respectively.

Management Discussion and Analysis

The detailed analysis of the performance for the financial year ended 31 December 2022 is disclosed in the enclosed Management Discussion and Analysis Report.

Moving Forward

The Group’s operating environment became significantly more challenging in 2022. Global economic factors have not been favourable to the Group. The tight labour market, supply chain disruptions and Russia-Ukraine war have resulted in a significant cost inflation, which exerted pressures on the day to day operation of the Group. Thus, the Group will adopt a cautionary stance against the challenges faced.

The Equipment and Engineering Segment anticipates stable demand in the near future, whereas the Special Purpose Vehicle Segment expects the market environment to remain challenging in 2023 due to stiff competition on open market tendering.

The Plantation and Milling Segment has experienced a myriad of challenges in 2022, which is mainly due to the uncertain economic environment caused by the export restriction policies of Indonesia, in which consequently resulted in the weakening of the CPO prices in the second half of 2022 as CPO inventory expanded in Indonesia.

Heading into 2023, despite the discovery the new variants of COVID-19 which may once again create a macroeconomic downswing, it was noted that countries around the world were expected to gradually move into an endemic stage and reopen their economies. Thus, CBIPH Group is cautiously optimistic of the Group’s financial performance in the coming financial year 2023.

Dividends

The Company has consistently paid dividends each year while allocating funds for business growth and investment. The Company paid a first interim single tier dividend of 2.0 sen per share for the financial year ended 31 December 2022 on 15 February 2023.

The Company will endeavour to reward our shareholders with a good dividend pay-out each year, despite the current challenging market conditions.

Acknowledgement

The Board and I would like to take this opportunity to express our sincere thanks and appreciation to the Management and staff for their continuous valuable contributions, loyalty and dedication to the Group. We also wish to record our heartfelt gratitude to our shareholders, customers, partners, bankers, business associates, and all the respected government authorities for their invaluable support and assistance, continuous trust and understanding during the year.

Tengku Dato’ Ardy Esfandiari
Bin Tengku Abdul Hamid Shah
Chairman/Executive Director

BOARD OF DIRECTORS



1 TENGKU DATO' ARDY ESFANDIARI BIN TENGKU ABDUL HAMID SHAH
Chairman/Executive Director

2 DATUK LIM CHAI BENG
Managing Director

3 LIM ZEE PING
Executive Director

4 LEE POI KEONG
Senior Independent Non-Executive Director

5 KARPANADEVI A/P K R SOMASUNDRAM
Independent Non-Executive Director

6 DATO' DR SUZANA IDAYU WATI BINTI OSMAN
Independent Non-Executive Director

7 LIM CHAI HUAT
Non-Independent Non-Executive Director

PROFILE OF DIRECTORS



**TENGGU DATO' ARDY ESFANDIARI BIN
TENGGU ABDUL HAMID SHAH**
Chairman/Executive Director

**TENGGU DATO' ARDY ESFANDIARI BIN
TENGGU ABDUL HAMID SHAH**, Male, Age 63, Malaysian, was appointed to the Board on 3 February 1999 and was redesignated as the Chairman of the Board on 1 March 2022.

He is an established business entrepreneur with extensive networking and great public relations skills. He was previously the Director/Project Director of Worldwide Holdings Berhad for more than 8 years and was involved in the restructuring exercise of the Company in 1990.

He was appointed as a director of C.B. Industrial Product Sdn. Bhd. in 1994 and

is responsible for the public affairs and government liaison of this subsidiary company. He is also the Managing Director of the subsidiary company, AVP Engineering (M) Sdn. Bhd., principally involved in the retrofitting of special purpose vehicles.

He was bestowed with the Darjah Kebesaran Dato'- Sultan Sharafuddin Idris Shah (D.S.I.S.) award in conjunction with the 67th birthday of the Sultan of Selangor.

He is a Member of the Selangor Islamic Religious Council (2021-2023) and a Board member of Perbadanan Wakaf Selangor (2023-2025).

PROFILE OF DIRECTORS



DATUK LIM CHAI BENG
Managing Director

DATUK LIM CHAI BENG, Male, Age 64, Malaysian, was appointed to the Board on 3 February 1999.

He is one of the founders of C.B. Industrial Product Sdn. Bhd. and also the Managing Director of this subsidiary company, a position he held until today. He is also the Managing Director of the subsidiary companies, Modipalm Engineering Sdn. Bhd. and PalmitEco Engineering Sdn. Bhd. He has vast experience in the engineering industry. He is the driving force behind the Group's growth and responsible for the overall management and formulation of the Group's strategic plans and policies. He possesses strong interpersonal and management skills, which inculcate a good rapport with the highly motivated and dedicated workforce.

On 28 July 2009, Datuk Lim was awarded the Outstanding Entrepreneurship Award 2009 by Enterprise Asia.



LIM ZEE PING
Executive Director

LIM ZEE PING, Male, Age 37, Malaysian, was appointed as the Executive Director of the Company on 10 March 2022.

Mr. Lim graduated from Monash University of Australia with a Bachelor of Engineering in the field of Mechanical Engineering. He has worked at Modipalm Engineering Sdn. Bhd. since his graduation in 2010. Having spent his time in production, he is currently involved in the sales & marketing department, where he oversees the overseas market such as Africa, Central America and Papua New Guinea.

PROFILE OF DIRECTORS



LEE POI KEONG

Senior Independent Non-Executive Director

LEE POI KEONG, Male, Age 67, Malaysian, was appointed to the Board on 26 August 2021 and was redesignated as Senior Independent Non-Executive Director on 24 August 2022. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.

He is a Fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and a member of the Malaysian Institute of Accountants (MIA) and the Institute of Internal Auditors Malaysia (IIAM). He also holds a Harvard Premier Business Management Certificate from the Harvard Business School Alumni Club of Malaysia.

Mr. Lee started his career with an accounting firm in England after graduating in 1983. Subsequently, he joined a multinational consortium as a Financial Controller. He also held various senior management positions in a conglomerate public listed company in Malaysia until his retirement in 2016. He has more than 40 years of experience in the areas of risk management and system, auditing, accountancy, management development and business entrepreneurship.

Currently, he also serves as Director in two local private limited companies.



KARPADEVI A/P K R SOMASUNDRAM

Independent Non-Executive Director

KARPADEVI A/P K R SOMASUNDRAM, Female, Age 60, Malaysian, was appointed to the Board on 14 November 2019. She is the Chairperson of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee.

She holds a Post Graduate Diploma in Law (CPE) and BA (Hons) in Law and Politics from University of North London, United Kingdom. She has more than 29 years of cross-functional experiences in the United Kingdom and Asia, including the Government sector in United Kingdom.

She has vast experience in the areas of Enterprise Risk Management, Corporate Governance, Legal and Compliance and has strong capabilities in identifying inherent risks in business. She has previously held several senior management positions in the areas of risk management and compliance with financial institution and listed company in Malaysia, and also sits on the Board of private limited companies of Healthcare and Investment Holdings.

She is a member of Institute of Corporate Director Malaysia (ICDM), Malaysian Alliance of Corporate Directors (MACD), Malaysian Institute of Corporate Governance (MICG) and KPMG Board Leadership Centre.

PROFILE OF DIRECTORS



DATO' DR SUZANA IDAYU WATI BINTI OSMAN
Independent Non-Executive Director

DATO' DR SUZANA IDAYU WATI BINTI OSMAN, Female, Age 55, Malaysian, was appointed to the Board on 1 March 2022. She is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Dato' Dr. Suzana holds a PhD in Finance and Master of Business Administration in Finance from Universiti Putra Malaysia in 2004 and 2011, respectively. She also holds a BA (Hons) Business Studies from University of Huddersfield, UK in 1992. She had attended the Harvard Business School's Advanced Management Programme (AMP) in Boston, USA in 2009.

She is a seasoned C-Suite professional with 30 years of experience in the food, agriculture, financial services and institutional asset management industries. Having held various Board positions and diverse roles at C-Level provide unique strategic perspectives in the management of multi-business corporate and multi-asset financial portfolios. She also has extensive experience in transforming businesses as well as managing effective operational strategy executions.

She served as Chairman, Board of Director and Advisor of more than 35 entities across various sectors such as plantations, downstream agri-business, oleochemicals, consumer goods, technology, travel, construction, livestock, logistics, trading, fintech and private equity.

She is currently holding directorship in the following companies:

- (a) Private Pension Administrator (PPA) Malaysia;
- (b) Lembaga Kemajuan Tanah Persekutuan (FELDA);
- (c) Encorp Berhad;
- (d) IIUM Holdings Sendirian Berhad; and
- (e) Malaysian Palm Oil Certification Council (MPOCC).



LIM CHAI HUAT
Non-Independent Non-Executive Director

LIM CHAI HUAT, Male, Age 62, Malaysian, was appointed to the Board on 3 February 1999. He is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

He is one of the founders of C.B. Industrial Product Sdn. Bhd. He joined Chin Beng Engineering Works in 1980 as the Operations Manager. When Chin Beng Engineering Works was incorporated into a private limited company under its present name of C.B. Industrial Product Sdn. Bhd. in 1983, he was promoted to Production Manager due to his vast experience and track record in the manufacturing division.

In 1985, he was further promoted to Project Director, where he headed the project team and managed the Project Division, e.g., the construction of the plants in Telok Panglima Garang currently housed as Head Office of CBIPH Group. He currently acts as an advisor for Palm Oil Mill projects and the administration of the factory and Property Division.

He is the Managing Director of Freiberg (Malaysia) Sdn. Bhd. and Freiberg Office System Sdn. Bhd., companies which were granted a license from Australia to manufacture environmentally friendly office furniture and partitions. He is also a Director of Office 2 Go (M) Sdn. Bhd. and Freiberg Properties Private Limited Company which involved in trading of office furniture and properties leasing businesses, and D'Home Elderly Care Centre, a charitable organisation providing elderly care in Klang.

PROFILE OF KEY SENIOR MANAGEMENT

TAN HOCK YEW

Chief Financial Officer

Male, Age 55, Malaysian.

Mr. Tan joined the Company as the Group Accountant in 1997 and was later promoted to Chief Financial Officer. Prior to joining the Company, he had worked for a public accounting firm for 4 years. He has more than 20 years of experience in the areas of auditing, accounting and finance.

He graduated with his professional qualification from the Chartered Institute of Management Accountants (“**CIMA**”) in 1993. He was admitted as an associate member of CIMA in 1996. He has also been a member of the Malaysian Institute of Accountants since 1997.

He is also the Director of several subsidiaries of CBIPH in Indonesia.

He does not hold any directorship in other public companies and listed corporations.

TAN YU HWA

Executive Director, Engineering Segment

Male, Age 64, Malaysian.

Mr. Tan graduated with a B.Sc. (Hons) Mechanical Engineering from the University of Sussex and a Master of Business Administration from University of Hull. He was appointed as the Executive Director of C.B. Industrial Product Sdn. Bhd. on 8 August 2000. Subsequently, he was also appointed as the Executive Director of Modipalm Engineering Sdn. Bhd. and PalmitEco Engineering Sdn. Bhd. in 2005 and 2016, respectively. Prior to joining the Company, he had worked as a Palm Oil Mill Engineer and Manager at Golden Hope Plantations Berhad and as the General Manager of Guthrie Medium Density Fiberboard Sdn. Bhd. He has more than 35 years of experience in engineering and palm oil industries.

He is currently overseeing the project and engineering segment. He is also the Director of several companies within CBIPH Group.

KOO BOON HOE

Executive Director, Boiler Segment

Male, Age 65, Malaysian.

Mr. Koo was appointed as the Executive Director of Advance Boilers Sdn. Bhd. on 12 January 2006. Prior to joining the Company, he had worked with American and German based Multi-National Companies for 23 years where he was responsible for the Industrial Control and Fluid Automation Division. Thereafter, he was promoted to General Manager.

Currently, he oversees the overall operations of the boiler segment including sales and marketing.

He does not hold any directorship in other public companies and listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' KU AZHAR BIN KU AHMAD

Executive Director, Special Purpose Vehicles Segment

Male, Age 58, Malaysian.

Dato' Ku Azhar graduated from the University of New South Wales, Australia with a Bachelor of Engineering in Mechanical Engineering. Before joining the Company, he had worked with UMW Engineering (M) Sdn. Bhd. and Guthrie Industries (M) Sdn. Bhd. as an Assistant Design Manager and Production Manager for 6 years and 9 years respectively.

He was appointed as the Executive Director of AVP Engineering (M) Sdn. Bhd. in 2004. He is currently involved in the overall marketing and production of the Special Purpose Vehicles Segment. He is also the Director of several companies within the CBIPH Group and a shareholder of AVP Engineering (M) Sdn. Bhd.

He does not hold any directorship in other public companies and listed corporations.

SITI ZAWIYAH BINTI ALIAS

Operation Director, Special Purpose Vehicles Segment

Female, Age 53, Malaysian.

Puan Siti Zawiyah graduated from the University Technology of Malaysia (UTM) with a Bachelors' Degree of Mechanical Engineering in Industrial. She joined AVP Engineering (M) Sdn. Bhd. as Senior Manager in 2005 and was appointed as the Operation Director of AVP Engineering (M) Sdn. Bhd. in 2017. She is also a shareholder of AVP Engineering (M) Sdn. Bhd.

Prior to joining the Company, she had worked with Wagon Engineering Sdn. Bhd. as Manager for 8 years and with Guthrie Industries Sdn. Bhd. as Head of Specialised Vehicles for 5 years.

Currently, she is responsible for the daily operation of the AVP Engineering (M) Sdn. Bhd. and managing all potential projects, projects in hand, and after sales support.

She does not hold any directorship in other public companies and listed corporations.

Notes to Directors' and Key Senior Management's Profile

1. Family Relationships

- Datuk Lim Chai Beng is a major shareholder of the Company.
- Mr. Lim Chai Huat is the brother of Datuk Lim Chai Beng.
- Mr. Lim Zee Ping is Datuk Lim Chai Beng's son and Mr. Lim Chai Huat's nephew.
- The other Directors and Key Senior Management do not have any family relationship with any Director and/or major shareholder of the Company.

2. Conflict of Interest

None of the Directors and Key Senior Management has any conflict of interest with the Company.

3. Conviction of Offences

None of the Directors and Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences or any public sanction or penalty imposed on him/her by the relevant regulatory bodies during the financial year 2022.

4. Attendance at Board Meetings

The details of attendance of the Directors at the Board Meeting are set out on page 52 of this Annual Report.

5. Directors' Shareholdings

The details of the Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings on page 166 of this Annual Report.

6. Directorships in Public Companies and Listed Issuers

Save as disclosed herein, none of the Directors and Key Senior Management hold any other directorship of public companies and listed issuers.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMENTARY ON THE FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2022

The historical five years financial information of CBIPH is set out below:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	478,086	452,487	540,381	606,038	881,342
Profit before tax	70,614	37,718	72,710	104,355	4,658
Finance costs	4,650	10,990	10,477	8,312	11,645
Profit/(Loss) attributable to owners of the Company	23,344	35,500	54,875	86,664	(6,104)
Shareholders' equity	720,273	726,029	747,065	805,800	783,476
Total assets	1,082,408	1,151,992	1,116,523	1,157,609	1,205,055
Loans and borrowings	126,686	177,851	171,983	171,846	175,008
Debt-to-equity (%)	17.20	24.50	21.01	20.47	21.62
Basic earnings per share (sen)	4.40	6.60	11.20	17.80	(1.20)
Net assets per share (RM)	1.41	1.44	1.59	1.70	1.64
Dividend per share (sen)	4.00	2.00	2.00	4.00	2.00

The share performance of CBIPH during 2022 is set out below:

Year high	RM1.76
Year low	RM1.04
Year close	RM1.08
Market capitalisation as at 31 December 2022	RM516,191,139

BUSINESS SEGMENTS

1) Palm Oil Equipment and Engineering Segment

Our Palm Oil Equipment and Engineering Segment has been supplying palm oil mills globally with high quality processing parts since the 1970s. Our business model is centred around the supply of machineries and turnkey construction of both the Modipalm Continuous Sterilisation and conventional palm oil mills for both the local and overseas oil palm plantation companies. We serve a wide array of clientele which includes, but not limited to Sime Darby Plantation, TH Plantations, United Plantation Berhad and PT Sinarmas in Indonesia. Besides turnkey construction, we are also involved in the sales of palm oil equipment and spare parts to the palm oil milling industry.

Our primary products among others, includes fresh fruit bunch crushers, pressure vessels and threshers. Geographically, our customers includes well established companies in Indonesia, Malaysia, Papua New Guinea, Thailand, Africa and Central American region.

Our suppliers provide us with various raw materials used in the palm oil mill manufacturing which includes but not limited to mild steel plates, stainless steel plates, pumps and motors.

MANAGEMENT DISCUSSION AND ANALYSIS

The historical five years revenue and profit before tax of the Palm Oil Equipment and Engineering Segment are set out below:

Year	Revenue RM'000	Profit Before Tax RM'000
2018	340,274	82,056
2019	394,372	87,403
2020	298,373	102,590
2021	243,887	68,587
2022	283,422	35,797

Our strategy for the Palm Oil Equipment and Engineering Segment is to grow our revenue by expanding existing clientele business while developing new ones to achieve a sustainable growth path. We also target to expand our sales of palm oil equipment and spare parts business by creating and expanding our distribution network through fostering of strategic partnership with local dealers.

Continued investment in research & development remains as the core of the overall strategy of the group. We have invested our resources with the expectation of commercialising the zero-discharge technology which is an innovative solution focused on making waste management within palm oil mills, a sustainable and environmentally friendly process. We plan to commercialise this technology in the near to the medium term.

Our Palm Oil Equipment and Engineering Segment is exposed to certain risk factors affecting its business, namely the depreciation of US Dollars against the Malaysian Ringgit as some of our contracts are denominated in US Dollars, the prices of steel which is the main raw material used in the manufacture of palm oil mills and equipment have increased which due to the tight labour market, supply chain disruptions and Russia-Ukraine war.

2) Special Purpose Vehicles Segment

Our Special Purpose Vehicles Segment is involved in the retrofitting of special purpose vehicles wherein we supply various types of specialised vehicles which includes, among others, medium and heavy-duty trucks, fire-fighting vehicles and ambulances.

Our customer base includes various agencies such as the Malaysia Airports Sdn Bhd. and others. Currently our market is only within Malaysia.

Our local and foreign suppliers provide us with various work in progress materials such as vehicle chassis and equipment needed to be retrofitted into the vehicles by us.

The historical five years revenue and profit before tax of the Special Purpose Vehicles Segment are set out below:

Year	Revenue RM'000	Profit/(Loss) Before Tax RM'000
2018	120,707	43,896
2019	2,757	2,395
2020	15,455	(7,323)
2021	23,353	2,701
2022	46,099	(15,938)

MANAGEMENT DISCUSSION AND ANALYSIS

Our strategy for the Special Purpose Vehicles Segment is to continue to pursue opportunities and grow our vehicles portfolio to meet the increasing needs for such specialised vehicles by government bodies. This strategy will ensure a long-term growth pathway as the Special Purpose Vehicles segment continues to strengthen and expand its capabilities. Our Special Purpose Vehicles segment will also continue to pursue business developments with government bodies in overseas market.

Our Special Purpose Vehicles Segment is exposed to certain risk factors affecting its business, namely the depreciation of the Malaysian Ringgit against the Euro for the purchases of parts and chassis as well as the government's expenditure budget which will affect the demand of our products.

3) Refinery Segment

Our refinery segment is involved in trading and processing of oil commodities, among others, mainly crude palm oil, crude palm kernel oil, sludge palm oil and refined bleached deodorised palm oil.

Our refinery (i.e. pre-treatment) plant have a capacity of 120,000MT/year which have been fully operational since the beginning of 2020 and a biodiesel plant with a capacity of 120,000MT/year which is operational since 2022.

The historical revenue and profit or loss before tax of the Refinery Segment are set out below:

Year	Revenue RM'000	(Loss)/Profit Before Tax RM'000
2020	149,695	(3,744)
2021	191,999	7,359
2022	404,793	(45,925)

Our strategy for the refinery segment is to upgrade and retrofit its pre-treatment facilities to enhance our flexibility of production of product from either renewable or refined oil which primarily caters for export market.

4) Palm Oil Plantation and Milling Segment, Associates and Joint Ventures

Our plantation is involved in the cultivation of oil palm in Indonesia and Sarawak. In Indonesia, we have a land bank of approximately 24,257 hectares, of which 13,874 hectares has been planted as at 31 December 2022. We have interest of approximately 7,352 hectares of mature oil palms in Sarawak through our Associates and Joint Venture companies. Our main suppliers are made up of fertiliser and agri-chemical companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The historical five years revenue and profit before tax of the Palm Oil Plantation and Milling Segment and share of results of Associates and Joint Venture are set out below:

Year	Revenue RM'000	Profit/(Loss) Before Tax RM'000
2018	17,105	(8,771)
2019	50,037	(19,737)
2020	76,858	(10,947)
2021	146,799	6,306
2022	147,028	9,826

Year	Share of results of Associates and Joint Venture Profit/(Loss) after tax RM'000
2018	(22,852)
2019	(6,856)
2020	6,367
2021	29,764
2022	17,196

Our strategy for the palm oil plantation is to expeditiously complete our new planting in Indonesia. Our first palm oil mill has been completed and is operational. With the commissioning of the new palm oil mill, the Milling Segment will add another new revenue stream to our Group.

OPERATIONS REVIEW

Financial Results

For the financial year ended 31 December 2022, the Group achieved a revenue of RM881.3 million representing a year-on-year increase of 45.3%. The increase in revenue was mainly due contribution from Refinery Segment which amounted to RM404.8 million as well as Palm Oil Plantation and Milling Segment which amounted to RM147.0 million due to higher prices of palm oil produce.

However, the Group has only recorded a profit before tax of RM4.7 million from RM104.3 million representing a decrease of 95.1% in profit as compared to the previous financial year. The decrease in profit before tax was largely due to a few factors, namely loss incurred in Refinery Segment and Special Purpose Vehicles Segment as compared to profit recorded in previous financial year, lower profit recorded under Palm Oil Equipment and Engineering Segment and coupled with lower share of results from Associates and Joint Venture.

The Refinery Segment reported a loss before taxation of RM45.9 million, a decrease by RM53.3 million as compared to the last financial year of profit before taxation of RM7.4 million. The loss before taxation was mainly due to operation and trading losses caused by the drop in crude palm oil price in the financial year resulting from the export restriction of palm oil in Indonesia. Furthermore, the loss in the financial year was exacerbated by the loss on derivatives of RM17.0 million.

The Palm Oil Equipment and Engineering Segment recorded a RM35.8 million profit before taxation, a decrease of 47.8% as compared to profit before taxation of RM68.6 million of previous financial year which was mainly due to the higher impairment losses on receivables of RM27.3 million as compared to RM4.1 million of previous financial year.

The Special Purpose Vehicles Segment reported a loss of RM15.9 million despite an increase in revenue by 97.4%. The loss was mainly due to allowance for impairment losses on its investments and receivables amounting to RM24.1 million for the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The Group's cash and cash equivalents decreased by 45.9% to RM69.3 million from RM128.2 million in the previous financial year due to the lower profits and losses reported by all segments during the current financial year.

The Group's loans and borrowings increased by 1.8% from RM171.8 million at the end of previous financial year to RM175.0 million mainly due to increase in leasing liabilities during the financial year. The Group's debt/equity ratio has increased marginally to 21.6% as compared to 20.4% at the end of previous financial year. The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders and benefits to other stakeholders. In order to meet this objective, the Group always strive to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

Working Capital Position

As at 31 December 2022, the Group has receivables of RM165.3 million, a decrease of 33.9% as compared to RM250.1 million as at 31 December 2021. This was mainly due to the large portion of amount owing by a sole previous joint venture entity, Gulf Lubes Malaysia Sdn. Bhd. has been converted to subsidiary in the financial year, thus, the amount has been eliminated under the Group's financial statements.

As at 31 December 2022, the Group has payables of RM110.0 million, a increase of 37.3% as compared to RM80.1 million as at 31 December 2021 mainly due to advances by a director for the acquisition of the new subsidiary in the financial year.

RISK FACTORS

Social, Political and Economic Risks

Similar to all other businesses, adverse developments in the economic, political and social conditions in Malaysia and other international markets in which our Group has significant presence could materially and adversely affect the business and financial performance of our Group and stall the Group's growth plans. These include risks of changes in political leadership, war, expropriation, nationalisation, changes in government policies, global economic downturn, epidemic outbreaks, social unrests, changes in currency exchange rates, interest rates and accounting standards and unfavourable changes in government policies such as introduction of new regulations, interest rate hikes and increase in taxation.

Our Group continues to take corrective measures to mitigate these risks including close monitoring of the Government's masterplan in respect of long term economic and development policies so that we can stay ahead as well as capitalise on any regulatory changes in the industries that our Group operates.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Team and Experienced Personnel

The management team has the breadth and depth of expertise necessary to manage the Group. Together with a large pool of home-grown talent, the management team is well-tuned to the domestic, regional, global dynamics and challenges of the industry. Representatives of our major shareholders on our Board bring an invaluable set of expertise and wisdom to guide our long-term strategic growth. Moreover, CBIPH has one of the best workforce in the industry with positive employee relations and strong employee loyalty.

Our Directors recognise the importance of our Group's ability to attract and retain its key personnel and retain a sufficient number of highly skilled employees. Therefore, we continue to provide our employees with long-term career prospects within our Group and job rotation opportunities to develop multiple skills. Our productivity driven reward structure motivates our employees to reach our competitive productivity standards and continuously seek for improvements.

Price and Foreign Currency Fluctuation Risks

The price of crude palm oil and palm kernel are based on global prices, which tend to be cyclical and subject to fluctuations. Global prices are in turn affected by the availability of agricultural commodities, of which supply is affected by unpredictable factors such as weather conditions, while demand is affected by factors such as changes in population growth, changes in standard of living, bio-diesel demand and global production of substitute and competitive crops.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The foreign currency risk is partially managed through a natural hedge between the sales and purchases in the same currencies, the remaining balance is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

Competitive Environment

In its operations, CBIPH competes with many companies of various sizes. There can be no assurances that we will not be affected by our competitors especially those who operate in the palm oil milling and special purpose vehicle. However, we are confident with our competitive advantages as we are able adapt through continuous business development and innovation in order to maintain and grow our standing in the market.

PROSPECT MOVING FORWARD

In this unprecedented era, we expect the our business environment to remain challenging moving forward. Our group is constantly striving to enhance its production capabilities to the efficient in controlling costs and overheads on one hand and on the other, to seek out new markets and opportunities, both local and abroad. We remain relentless in striving to achieve our goal of ensuring that our business will continue to deliver long term value to our shareholders and our people alike.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

GRI 2-1,2-6

CB Industrial Product Holding Berhad (“CBIPH” or “the Group”) has operated as a leading manufacturer of palm oil equipment for over 3 decades. As we have progressed, we have also broadened our horizons in terms of our sustainability goals and initiatives. As such, we are pleased to present our Sustainability Statement (“the Statement”) for the Financial Year (“FY”) 2022 which details the Group’s achievements in attaining our ESG objectives.

The Group’s four focus areas are: People, Planet, Prosperity and Peace. This year, our material matters are aligned with 11 common material sustainability matters of Bursa Malaysia Securities Berhad which outline our approach to sustainability in a holistic manner. Our 5-year Sustainability Roadmap 2023-2027 further establishes a solid plan for the Group in the coming years in terms of sustainable business practices.

Climate risk management is high on our list of priorities as we strive to tackle the adverse impact of climate change on our environment. This year, we continued to include our Scope 2 emissions and newly incorporated our water and electricity consumption data to help us monitor and manage our usage.

Reporting Scope and Boundary

GRI 2-1,2-2, 2-3, 2-6

Our FY 2022 Sustainability Statement covers the reporting period from 1 January 2022 to 31 December 2022. The scope of the Statement includes operations at PalmitEco Engineering Sdn Bhd (“PalmitEco”), the Group’s equipment and engineering subsidiary located in Telok Panglima Garang, Selangor, which equips palm oil mills with sustainable solutions, specifically the patented Modipalm Continuous Sterilisation Technology.

Reporting Framework

Our statement has been prepared with reference to the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“MMLR”) and the Sustainability Reporting Guide (3rd edition). We also referred to the Global Reporting Initiative (“GRI”) Standards and have further aligned our ESG efforts with the United Nations Sustainable Development Goals (“UN SDGs”).

Feedback

GRI 2-3

Feedback can be channelled to:

Jonathan Lai

Investor Relations

CB Industrial Product Holding Berhad

jonathanlai@cbip.com.my

SUSTAINABILITY STATEMENT

Assurance

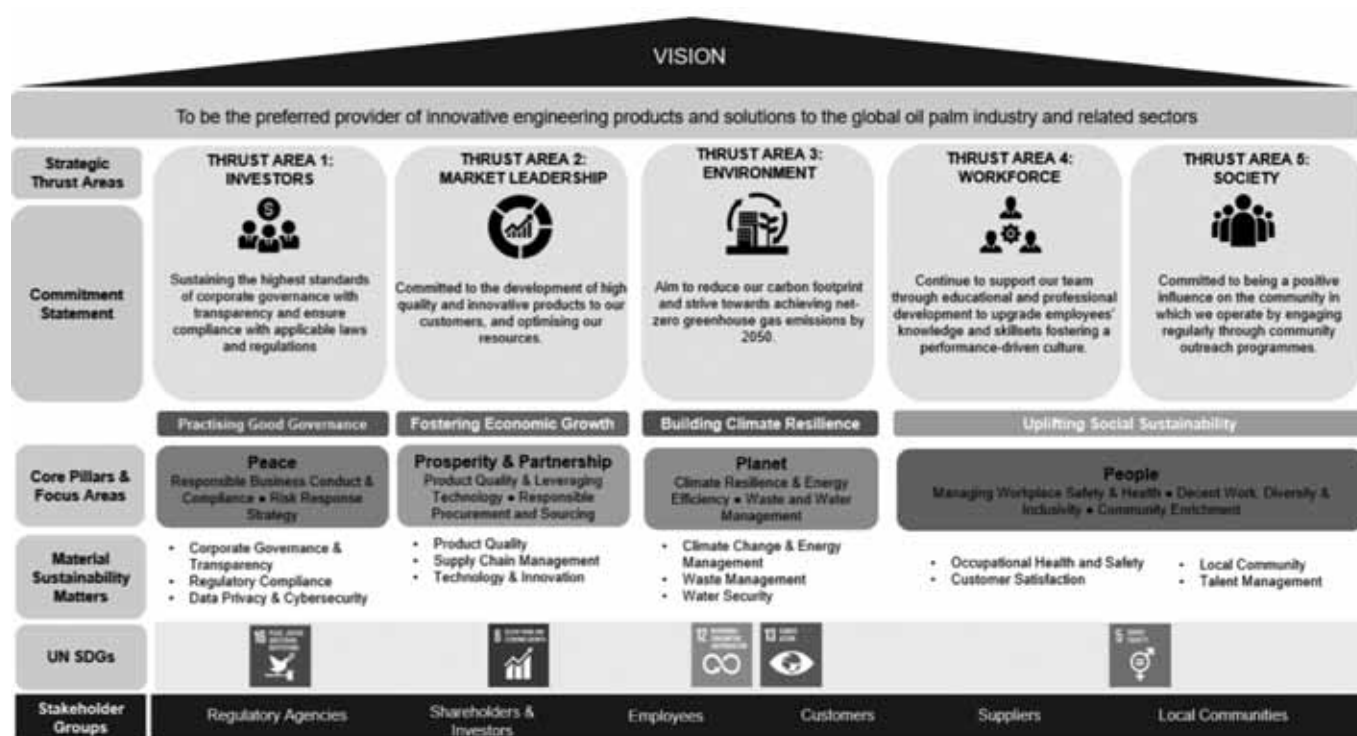
All data contained in CBIPH's Sustainability Statement FY 2022 has been internally sourced, verified and validated by the respective business divisions and information owners. Moving forward, the Group remains diligent in continuously improving its data collection and analysis processes to enhance data accuracy and quality, as well as improve disclosures.

SUSTAINABILITY APPROACH

Our ESG Framework

GRI 2-22

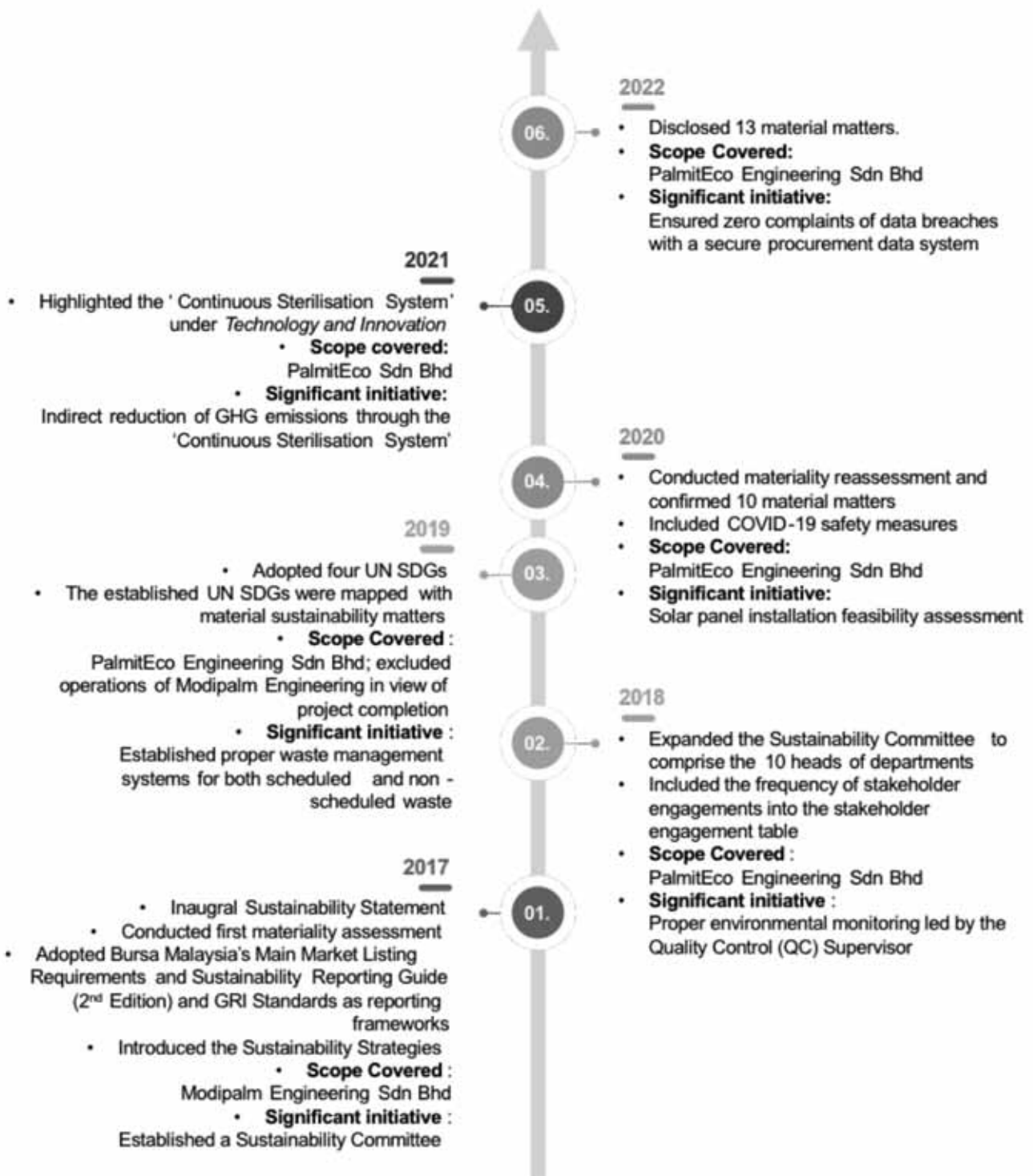
Our ESG Framework has become part of our DNA and has been in place since 2021. This year's framework encompasses our vision that leads us, our five strategic thrust areas that guide us, as well as our four core pillars and focus areas which serve as our foundation. Also, we have taken a comprehensive approach by aligning the relevant UN SDGs and material sustainability matters with our four pillars.



SUSTAINABILITY STATEMENT

Our ESG Milestones

Along the course of our ESG journey, we have achieved a number of significant milestones, we have achieved a number of significant milestones beginning with our first Sustainability Statement in 2017 to the adoption of 5 UN SDGs and the identification of 13 material matters in 2022. As we continue to advance in the following years, we will continue to track our progress.



SUSTAINABILITY STATEMENT

Our Contribution to the UN SDGs

The UN SDGs, a global call to action for sustainable development, resonate with the Group's vision and we have aligned our ESG contributions with five UN SDGs in which we feel we can make the most impact. Towards the 12th Malaysia Plan of "Looking Ahead to a Prosperous, Inclusive and Sustainable Malaysia", we aim to do our part towards sustainable development and make a difference in our workplace, community and nation as a whole.



Sustainability Governance Structure

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14

SDG 5: Gender Equality

- Developed Board Diversity Policy
- Committed to zero tolerance towards any form of discrimination based on race, gender, sexuality, age, ethnicity or political views

SDG 13: Climate Action

- Recorded and reported Scope 2 GHG emissions from the Group's manufacturing operations

SDG 8: Decent Work and Economic Growth

- Corporate Code Of Business Conduct And Work Ethics Policy For Directors, Senior Management and Employees
- Strictly ensures that the operation is free from any form of exploitation, forced labour, child labour and slavery
- Provision of accommodation and transportation for the foreign workers

SDG 16: Peace, Justice and Strong Institutions

- Anti-Corruption and Bribery Policy communicated via corporate website
- Whistleblower Policy in place to encourage disclosing any form of misconduct within the operations to uphold highest ethical conduct

SDG 12: Responsible Consumption and Production

- Waste generated in the manufacturing facilities are collected by DOE -licensed contractors for recycling
- Practise responsible water consumption and aim to reduce water consumption by optimising water usage

SUSTAINABILITY STATEMENT

Our three-tiered sustainability governance structure begins with the Board of Directors which oversees the management of sustainability strategies, material sustainability matters, policies and targets. It also ensures ESG-related risks and opportunities are incorporated into the Group's risk management strategy. The Sustainability Committee is led by the Committee Chairman and is responsible for strategic management of the material sustainability matters, assesses and manages the Group's ESG-related risks, monitors the sustainability performance of the Group and manages stakeholder engagement. The Sustainability Working Group's responsibilities include implementing the Group's sustainability strategies and initiatives into day-to-day operations and compiling ESG-related data for sustainability reporting.

Sustainability Policy

GRI 2-23, 2-24

The Group's Sustainability Policy has been reviewed and approved by the Board and acts as an overarching guide outlining our long-term sustainability commitments while integrating sustainability principles into our strategies, policies and procedures.




CB INDUSTRIAL PRODUCT HOLDING BERHAD SUSTAINABILITY POLICY



Environmental Sustainability

- ❖ **Planet:** Contributing to protect the environment by incorporating environmental protection and pollution prevention initiatives throughout all of our business operations.



Social Sustainability

- ❖ **People:** Contributing to social sustainability by being accountable for the impact of our decisions and activities on society through transparent and ethical behaviour.



Governance Practices

- ❖ **Peace:** Ensuring good governance to promote peaceful, just and inclusive societies while adhering to the principles of corporate governance which are transparency, accountability, responsibility and fairness in our business conduct.

- ❖ **Prosperity & Partnership:** Contributing to economy, technology and innovation by focusing on meeting the expectations of people to deliver high quality products and services.

SUSTAINABILITY STATEMENT

Stakeholder Engagement

GRI 2-29, 3-3

GRI 2-29, 3-3

CBIPH is committed to creating long-term value for our stakeholders by engaging them continuously across multiple channels.

Stakeholders	Areas of Concern	Methods of Engagement	Frequency of Engagement	Our Responses
Shareholders and Investors	- Financial performance - Sustainable financial returns - Global business strategy - Sustainable dividend policy - Corporate governance and compliance	Annual Report Annual General Meeting Investor Meeting Company Website	Annually Annually Ad hoc Ad hoc	- Annual auditing - Quarterly reporting
Regulatory Agencies	- Compliance with corporate governance - Compliance with all local laws and regulations - Compliance with labour, environmental and health regulations	Annual Report Seminar or information sessions held by authorities Inspection by local authority	Annually Ad hoc Ad hoc	- Compliance with latest laws and regulations - Engagement with regulatory bodies and government
Customers	- Resolving complaints efficiently - Pricing and product quality - Timely service and maintenance - Relationship building - Health & safety	Regular feedback and meetings Participation in industry networking events Active engagement building	Ad hoc Ad hoc Ad hoc	- Timely response towards customers' concern - Customer engagement
Suppliers	- Transparent procurement practices - Regular/on-time payment schedule - Transparent pricing - Timely delivery	Supplier evaluation Contracts Vendor registration Open tenders	Quarterly Ad hoc Ad hoc Ad hoc	- Constant and regular engagement - Quality assessment
Employees	- Training and development - Occupational health & safety - Competitive remuneration and rewards - Labour and human rights - Work-life balance - Corporate direction and growth plans - Job security	Training and development Safety training and awareness Appraisals Whistleblower Policy	Ongoing Ongoing Annually Ad Hoc	- On-job training and development - Work performance evaluation
Local Communities	- Building good relationships - Local environmental and social impact of operations - Community involvement	Corporate social responsibility	Ad hoc	- Donations - Festive events

SUSTAINABILITY STATEMENT

Materiality Assessment

GRI 3-1

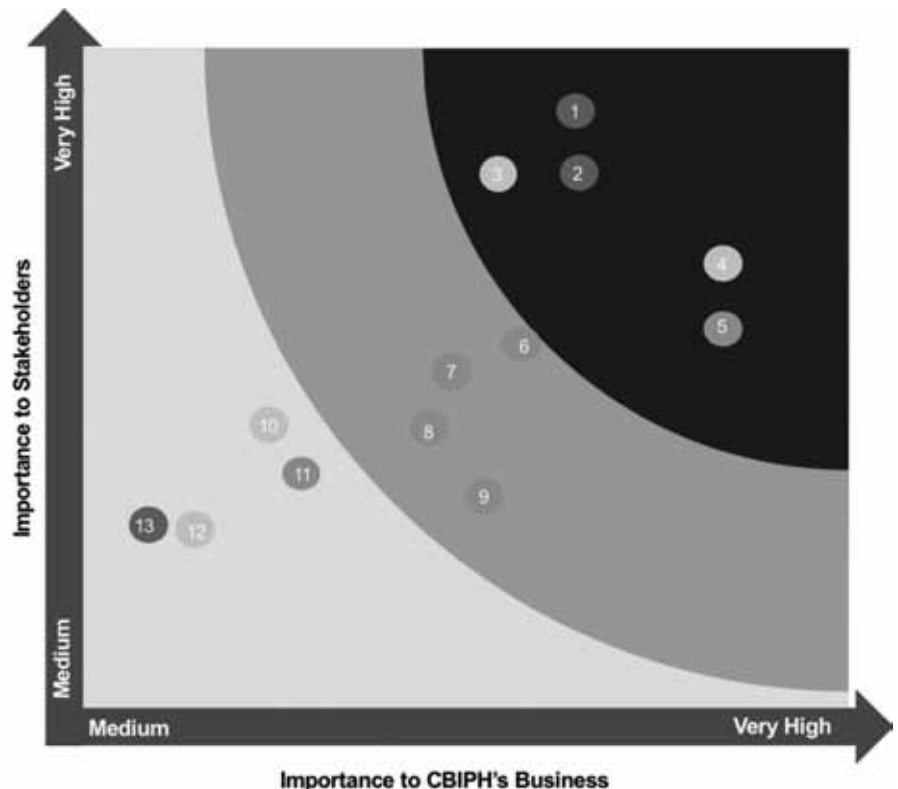
The materiality assessment identifies the corresponding impact of a variety of ESG issues on the Group's performance and viability within the current market environment and involves four steps leading to the development of the Group's Materiality Matrix.



Materiality Matrix

GRI 3-1, 3-2

This year, we identified 13 material matters in total incorporating Data Privacy and Cybersecurity, Climate Change and Energy Management, Waste Management and Water Security. Our top five material sustainability matters impacting both business operations and stakeholders were Corporate Governance and Transparency, Regulatory Compliance, Occupational Health and Safety, Customer Satisfaction and Product Quality. Corporate Governance was a top priority in view of the Group's commitment to maintain long-term value with stakeholders and to ensure ethical operations throughout the Group.



SUSTAINABILITY STATEMENT

Practising Good Governance	Fostering Economic Growth	Building Climate Resilience	Uplifting Social Sustainability
1 Corporate Governance and Transparency 2 Regulatory Compliance 13 Data Privacy and Cybersecurity	5 Product Quality 7 Technology and Innovation 11 Supply Chain Management	6 Climate Change and Energy Management 8 Waste Management 9 Water Security	3 Occupational Health and Safety 4 Customer Satisfaction 10 Local Community 12 Talent Management

Mapping of Material Matters

GRI 3-2, 3-3

The table below depicts the relationships between our four pillars, our material matters, respective GRI Indicators, our stakeholders and relevant UN SDGs.

Pillars	UN SDGs	Material Matter	GRI Indicator	Stakeholder Group
Practising Good Governance		Corporate Governance and Transparency Regulatory Compliance Data Privacy and Security	2: General Disclosures 3: Material Topics 205: Anti-Corruption 418: Customer Privacy	Investors Regulatory Agencies Employees Customer Suppliers
Fostering Economic Growth		Product Quality Technology and Innovation Supply Chain Management	2: General Disclosures 3: Material Topics 201: Economic Performance 204: Procurement Practices	Investors Regulatory Agencies Customer Suppliers
Building Climate Resilience	 	Climate Change and Energy Management Waste Management Water Security	2: General Disclosures 3: Material Topics 302: Energy 303: Water and Effluents 305: Emissions 306: Waste	Investors Regulatory Agencies Customers Local Communities
Uplifting Social Sustainability		Occupational Health and Safety Customer Satisfaction Local Community Talent Management	2: General Disclosures 3: Material Topics 401: Employment 403: Occupational Health and Safety 404: Training and Education 413: Local Communities	Investors Regulatory Agencies Employees Local Communities Suppliers

SUSTAINABILITY STATEMENT

FOCUS AREA 1: PEACE



Practising Good Governance

CBIPH recognises the significance of developing a stable and efficient business with applicable policies in place while maintaining high ethical standards among our employees. For the Group, sound corporate governance is based on the basic principles of accountability, transparency, fairness, responsibility and risk management. As such, we strive to incorporate these principles into all our business operations while ensuring that we adhere to the applicable laws and regulations.

Corporate Governance and Transparency

GRI 2-22, 3-3, 2-23, 2-24, 2-25, 2-26, 205-2

The Board of Directors is at the head of the Group's corporate governance structure where its roles and responsibilities are outlined in the Board Charter, prepared in accordance with the Malaysian Code on Corporate Governance ("MCCG") 2021. Additionally, the Group has adopted Terms of Reference ("ToR") for the Nomination and Remuneration Committee, the Audit and Risk Management Committee ("ARMC") and the Sustainability Committee where each plays their part in ensuring that CBIPH is managed with integrity and to the highest standards.

We have in place the following policies within the Group:

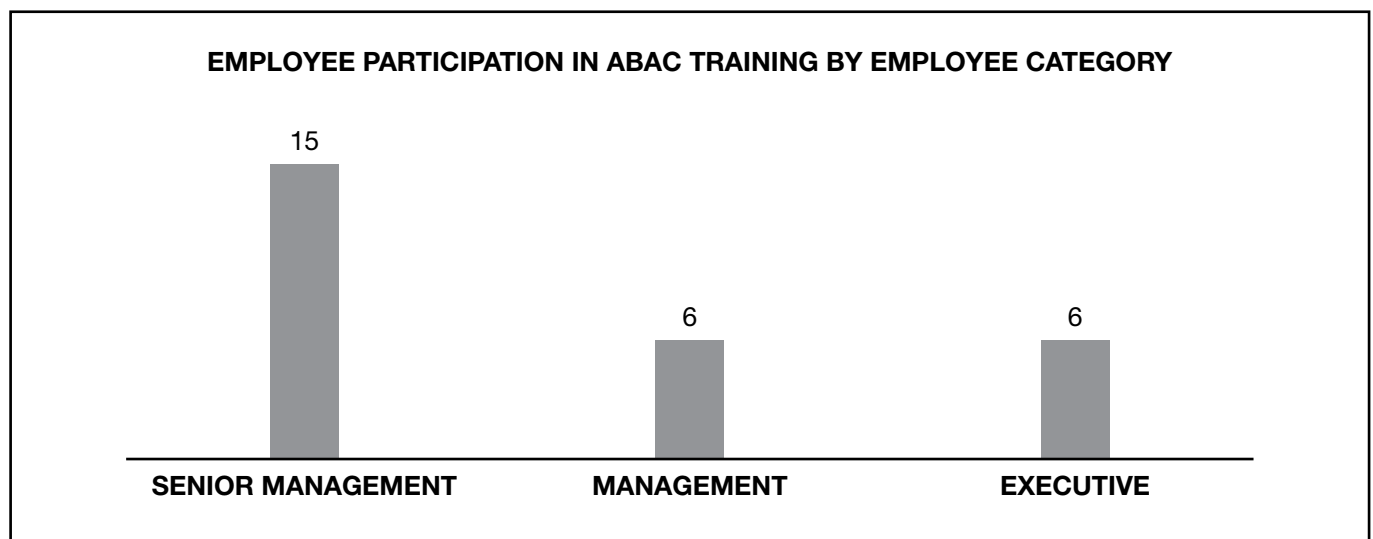
Policy	Function
Anti-Corruption and Bribery Policy	Aligns with the principles set by the Malaysian Anti-Corruption Act 2009. Describes CBIPH's top-level commitment, risk assessment process, control measures, and training and communication. Also includes the systematic review, monitoring and enforcement of our anti-corruption and anti-bribery practices.
Board Diversity Policy	Aims to attract, retain and develop a diverse team of skilled business executives to strike the right balance in skills, industry experience, background and gender with 30% female Board members.
Corporate Code of Business Conduct and Work Ethics Policy for Directors, Senior Management and Employees	Ensures that everyone at CBIPH including the Board of Directors, Senior Management and all rank-and-file employees whether full-time, part-time or contractual, conforms to high standards of integrity and professionalism in the performance of their duties.
Corporate Disclosure Policy	a) Promotes and maintains market integrity and investor confidence. b) Provides material information on the Group in an accurate and timely manner. c) Regulates the relationship between the investment community and the relevant stakeholders.
Group Remuneration Policy	Outlines the strategy for long-term human capital development and retention packages for Board members and key Senior Management.
Whistleblower Policy	Describes the procedure to address complaints pertaining to potential violations of laws, regulations and internal policies as well as improper conduct that jeopardises the business operations and the trust of stakeholders.

SUSTAINABILITY STATEMENT

Upholding Integrity within the Group: Anti-Corruption and Bribery and Whistleblower Policy

The Anti-Corruption and Bribery (ABAC) Policy is communicated annually to the Board and our employees via training conducted by an external party while all our employees are constantly reminded verbally of our Whistleblower Policy ensuring transparency across our operations.

24% (27 out of 114 employees) participated in the ABAC training, comprising 15 members from the Senior Management category (80%), 6 from the Management category (90%) and 6 (20%) from the Executive category.



Our Risk Management Approach

We have in place a risk management framework where we proactively conduct risk assessments, and with a drive towards achieving net-zero carbon emissions, we strive to embed climate-related risks into our framework. The Board oversees the ARMC, which in turn, conducts independent reviews to ensure the effectiveness and integrity of the RMC and RWC. The RMC focuses on its principal function of managing the risks associated with CBIPH while the RWC is structured to execute mitigation measures to address these risks.



SUSTAINABILITY STATEMENT

Regulatory Compliance

GRI 2-27, 3-3

Our ARMC performs regular audits to ensure the Group's adherence to laws, regulations, rules and procedures related to the ESG aspects of our operations.

Regulations

- Employment Act 1955
- Main Market Listing Requirement (MMLR)
- Malaysian Anti-Corruption Commission (MACC) Act 2019
- Capital Market and Services Act 2007
- Companies Act 2016
- Environmental Quality (Clean Air) Regulations 2014
- Environmental Quality (Scheduled Waste) Regulations 2005
- Occupational Safety and Health Act 1994
- Minimum Wages Order 2020



As of FY 2022, we are pleased to report that there were zero incidents of regulatory breaches.

Data Privacy and Cybersecurity

GRI 3-3, 418-1

CBIPH recognises that the privacy, security and protection of data of our employees and customers are of the utmost importance. Hence, we strive to ensure that data is responsibly collected, shared, used and stored in a systematic and safe manner across all operations. Our customers' data is stored in a MYBSolution system that is closely monitored by the appointed administrator.

As of FY 2022, there were zero substantiated complaints of breaches of customer privacy or loss of data reported.

FOCUS AREA 2: PROSPERITY



Fostering Economic Growth

As a major player in the industry, we strive for sustainable growth throughout our value chain providing innovative products for customers while ensuring sustainable practices. As such, we maintain rigorous quality management practices to guarantee customer satisfaction and efficient.

Product Quality

GRI 3-3

At CBIPH, we are driven to produce high-quality processing equipment and replacement parts while keeping up with global trends in innovative solutions and minimising our carbon footprint. We have established a Quality Control Plan that details the processes, criteria to be inspected, methods of inspection and actions to be taken if the business conduct or the project does not meet standards.

SUSTAINABILITY STATEMENT

We comply with the ISO 9001:2015 Quality Management Systems standards and undergo evaluation by external auditors every nine months to ensure we conform to the requirements.

Supply Chain Management

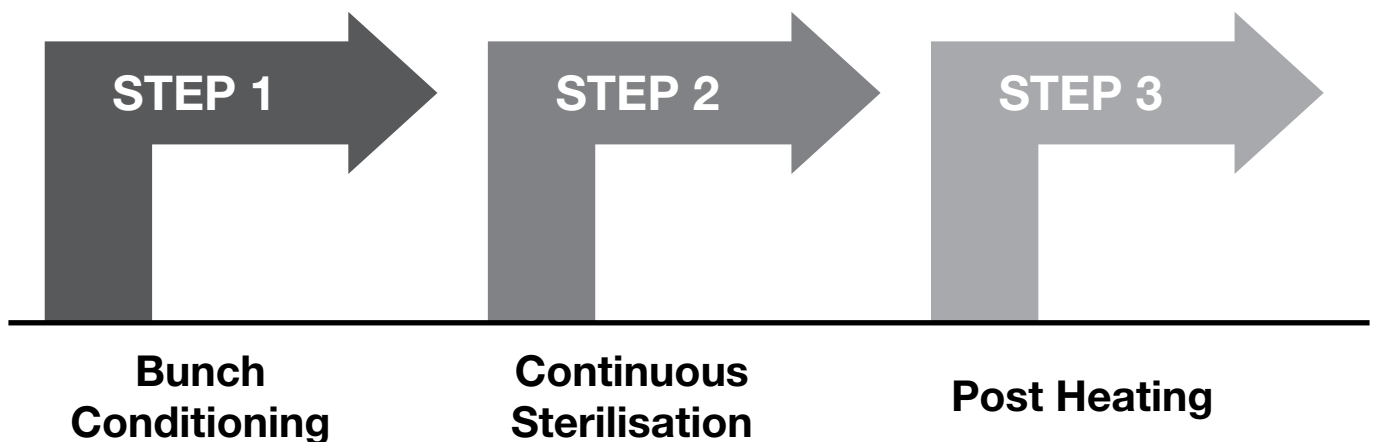
GRI 3-3, 204-1

We recognise that a responsible and sustainable supply chain is key to optimising resources and elevating operational efficiency. We have a new supplier assessment process in place under ISO 9001:2015 where we take into account the quality, price, delivery, service and procurement performance of the suppliers.

At CBIPH, we aim to boost the local economy by engaging with a higher proportion of local suppliers. In FY 2022, our expenditure on local suppliers was RM121.31 million (92.8%) compared to the non-local supplier expenditure of RM9.4 million (7.2%).

Technology and Innovation

We continue to adopt new technology to enhance the quality of our products. Our Research and Development ("R&D") efforts have resulted in a proprietary technology called the Modipalm Continuous Sterilisation System. This involves a three-step approach that reduces diesel dependence and the use of boilers which contribute to air pollution.



Benefits of the Modipalm Continuous Sterilisation System

- Reduced effluents and greenhouse gas emissions
- Minimised diesel dependence
- Lower carbon footprint
- Decreased dark smoke emission
- Improved safety and cleanliness at palm oil mills
- Rationalised labour and maintenance costs

Consequently, the palm oil mills that have utilised our technology are found to be more energy efficient and eco-friendly as a result of this new system.

SUSTAINABILITY STATEMENT

FOCUS AREA 3: PLANET



Building Climate Resilience

CBIPH strives to responsibly manage the environmental impact posed by our business operations. Our efforts include climate risk management as well as energy and waste management including water security as we move towards setting long-term 'green' measures.

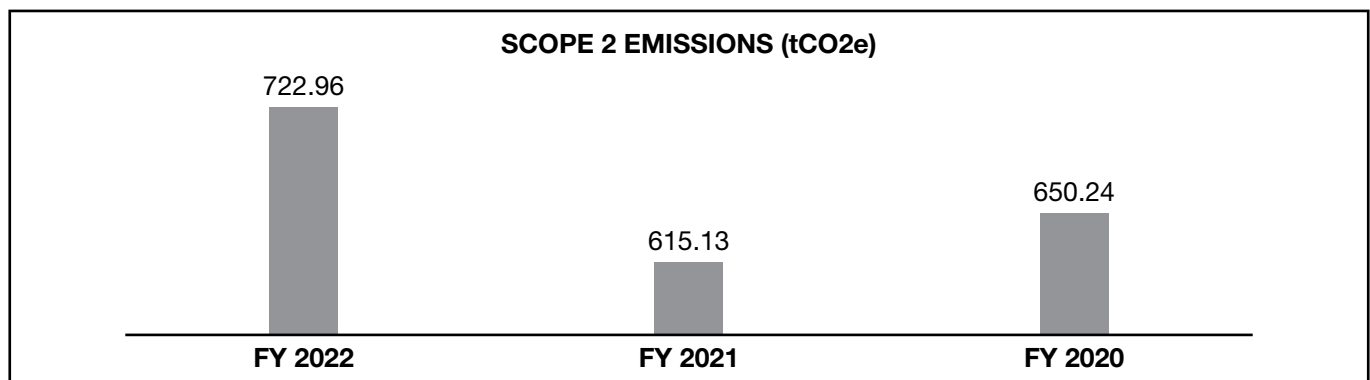
Climate Resilience and Energy Management

GRI 3-3, 302-1, 302-3, 305-2

Climate risk management is one of the top priorities of CBIPH. As such, we monitor our GHG emissions which help to create a healthier and safer environment. We also monitor and manage our energy consumption to reduce any negative impact on the environment.

GHG Emissions

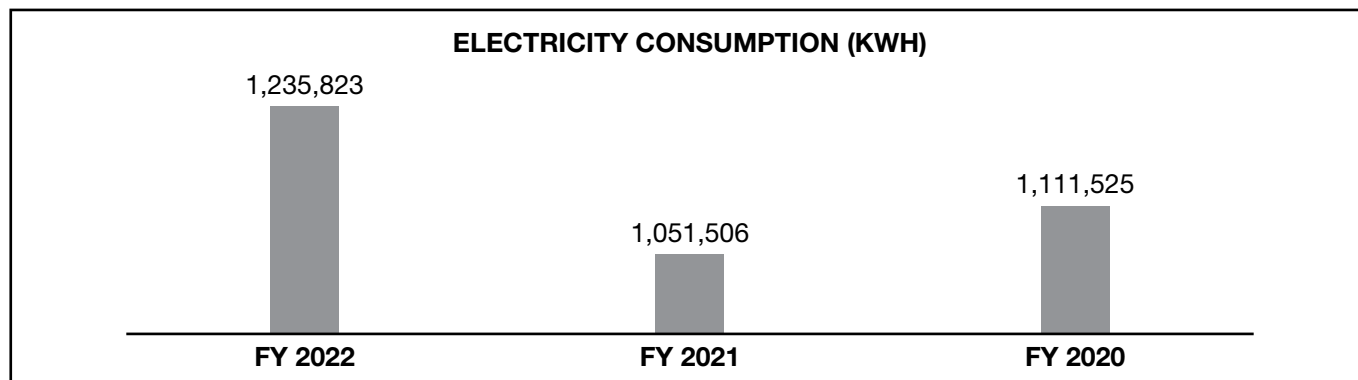
We determined our Scope 2 greenhouse gas ("GHG") emissions for this reporting period due to the nature of our business, particularly our manufacturing operations. Scope 1 emissions were not included as we did not consume fuel which releases direct emissions. To calculate Scope 2 emissions, we adapted the grid emission factor ¹ for Peninsular Malaysia.



Comparing FY 2022 to FY 2021, Scope 2 emissions increased by 17.5% in FY 2022 due to the corresponding increase in electricity consumption. This increase can be attributed to PalmitEco's engagement with Advance Boiler Sdn Bhd, a team of experienced engineers that improved our business production and increased economic growth, thereby increasing our overall consumption. Out of the three financial years reported, Scope 2 emissions in FY 2021 recorded the lowest at 615.13 tCO₂e (30.9%). Moving forward, we are working towards the engagement of certified third-party assurance in our carbon assessment study.

¹ 2017 CDM Electricity Baseline for Malaysia: <https://www.mgtc.gov.my/wp-content/uploads/2019/12/2017-CDMElectricity-Baseline-Final-Report-Publication-Version.pdf>

SUSTAINABILITY STATEMENT



From FY 2021 to FY 2022, there was an increase of 17.5% in electricity consumption, with FY 2022 recording the highest overall electricity consumption at 1,235,823 kWh (36.4%). This surge can be attributed to the transition from Work from Home (“WFH”) arrangements back to physical operations. It also reflects the logistical issues faced during the height of the pandemic that arose from travel restrictions to our clients’ cities, which further reduced our productivity, and subsequently our electricity consumption. We aim to include electricity intensity records next year and utilise solar energy with panels installed at our facilities.

Waste Management

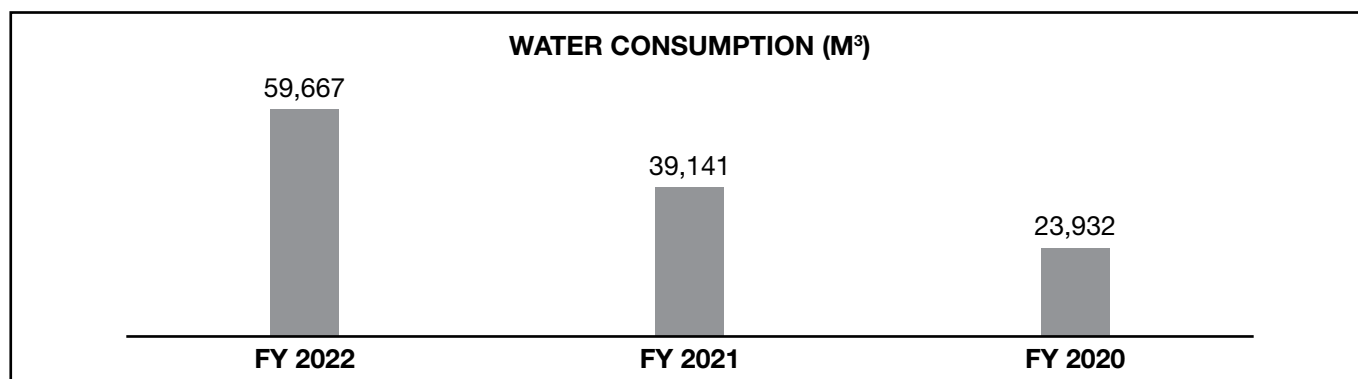
GRI 3-3, 306-2

CBIPH adheres to the Environmental Quality Act (Scheduled Waste) 2005 regulations and the Local Government Act 1976 with regards to the management of our scheduled and non-scheduled waste. Non-scheduled waste in CBI PH is collected and disposed of every four months by DOE via a licenced collector. We are working towards increasing our recycling rate while reducing single-use plastics across our operations and directly reducing total waste directed to landfills.

Water Security

GRI 3-3, 303-5

As water security becomes an increasing global concern, CBI PH is doing our part to reduce water consumption by optimising our water usage. As such, our water consumption is regularly monitored to prevent waste.



SUSTAINABILITY STATEMENT

In comparison to the previous fiscal year, our water consumption increased by 52.4% in FY 2022. Large amounts of water were used in various processes as the Group resumed full physical operation in FY 2022, compared to FY 2021 when we were only partially operational and experienced decreased production rates. Comparatively, FY 2020 recorded the lowest consumption at 23,932 m³ (19.5%) due to the cessation of our operations during the government-mandated lockdown. We intend to implement water-saving devices in our office and facilities, as well as conduct annual water awareness programmes to identify significant water use and promote water-saving practises.

FOCUS AREA 4: PEOPLE



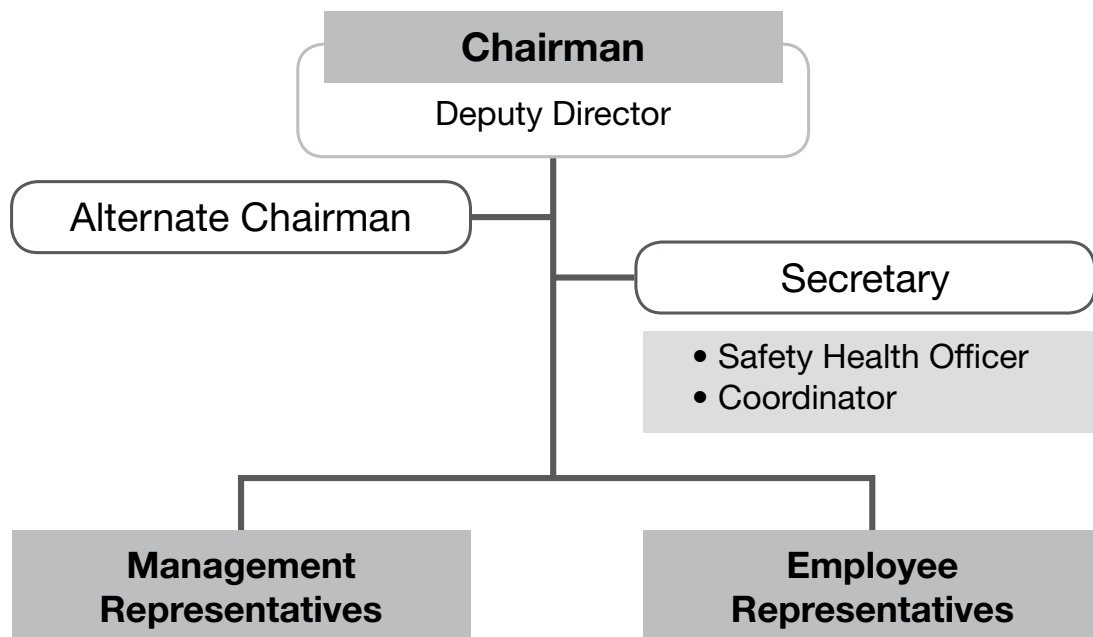
Uplifting Social Sustainability

CBIPH considers our people to be our greatest priority; hence, we ensure a safe and conducive workplace for our employees. The professional as well as personal well-being of our employees is important to us and we strive to provide them with rewarding and fulfilling careers.

Occupational Health and Safety

GRI 3-3, 403-1, 403-2, 403-4, 403-5, 403-9

The Safety, Health and Environment (“SHE”) department manages the day-to-day occupational health and safety operations while the SHE committee oversees the efficient implementation of safety and health rules and practices.



SUSTAINABILITY STATEMENT

Additionally, a systematic Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) process is in place based on the guidelines prescribed by the Department of Occupational Safety and Health (“DOSH”) and the Occupational Safety and Health (“OSH”) Act 1994.

	FY 2022
Total work hours	53,6640
Work-related fatalities	0
Recordable work-related injuries	3
Lost time injury	60
Lost time injury rate	22.36

Out of the 53,6640 hours worked in total in FY 2022, we recorded zero work-related fatalities and three work-related injuries with a lost time injury rate of 22.36.

Customer Satisfaction

Non-GRI

At CBIPH, we recognise that customer satisfaction drives business growth. Hence, we go the extra mile to maintain good relationships with our customers to ensure they are provided with quality products and services.

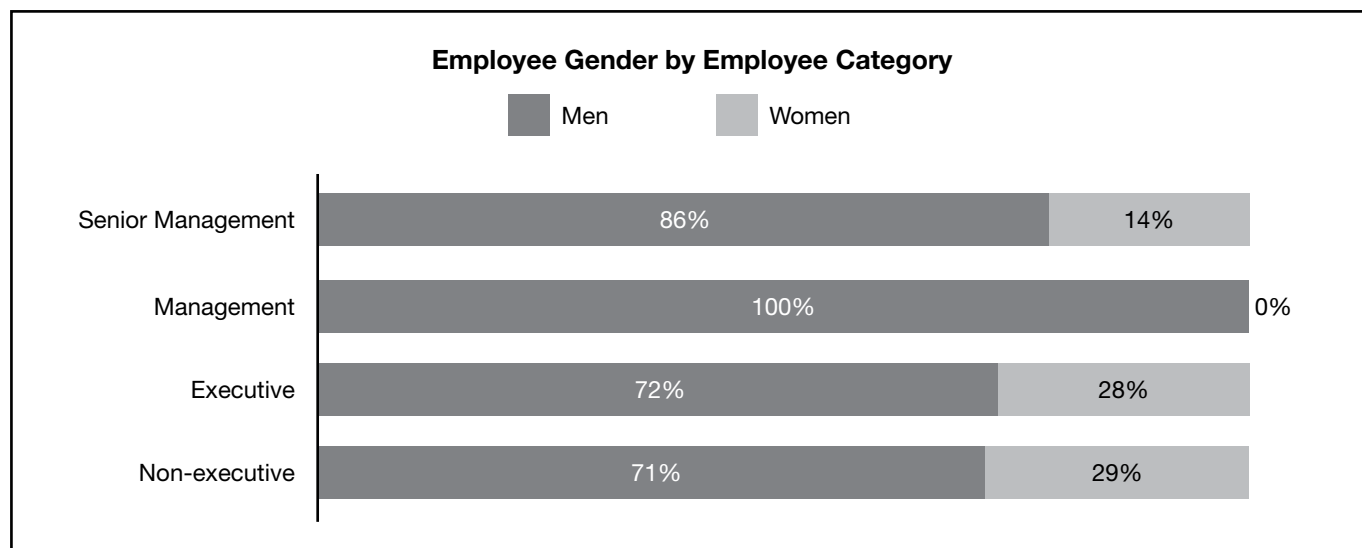


Enquiries can be sent to CBIPH directly through our corporate webpage:
<https://cbip.com.my/>

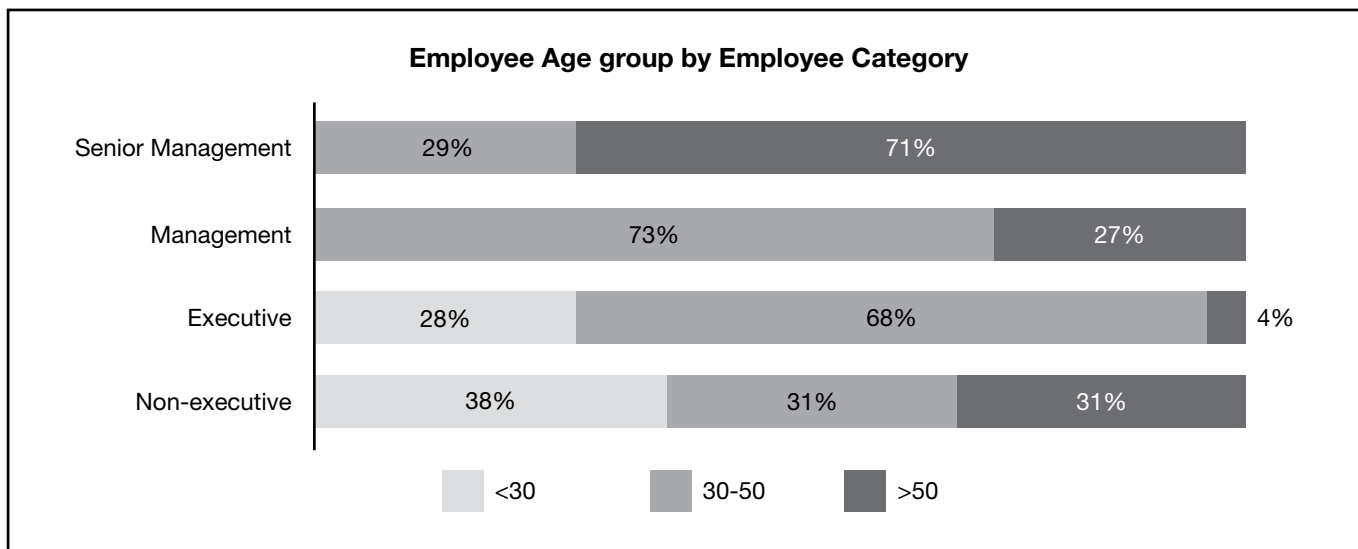
Talent Management

GRI 2-7, 3-3, 401-1, 401-2, 401-3, 404-1, 404-2, 405-1

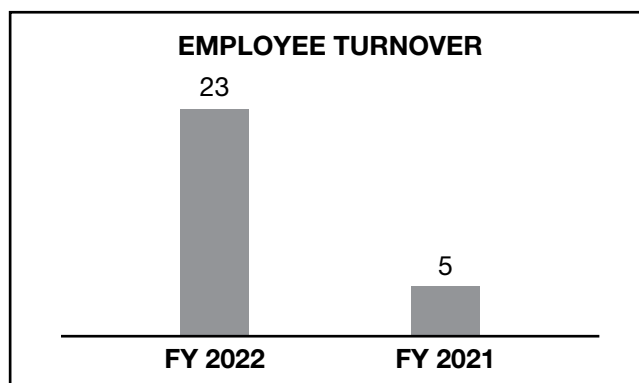
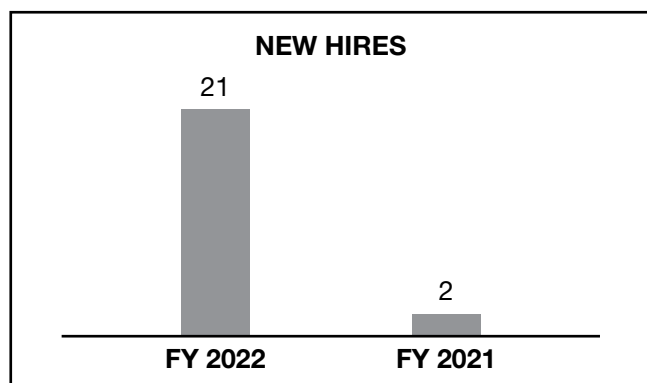
At CBIPH, we value diversity, inclusivity and equal opportunity in our workforce. We advocate zero tolerance for any form of discrimination based on race, religion, gender, sexuality, age, ethnicity or political ideology as demonstrated in our Board Diversity Policy.



SUSTAINABILITY STATEMENT



This year, our workforce comprised 14% women in the Senior Management category and almost an equal percentage of women in both the Executive (28%) and Non-executive (29%) categories. The majority of our workforce in the Senior Management category comprises those over 50, while the majority of those in the Management category are between 30 and 50 years old. In the following years, we will continue to strive to achieve a balanced workforce in terms of gender composition and age group.



This year, our number of employee turnovers and new hires increased significantly from last year. In an ever-changing economic landscape, we continue to hire and retain new talent taking into consideration their unique work experiences, interests and skills to ensure they are a good fit for the company.

Employee Benefits and Well-Being

With employee welfare and well-being at the core of our business operations, we offer competitive employee benefits to ensure a high level of satisfaction and motivation. Benefits include healthcare insurance as well as parental leave, bonuses and other incentives depending on employee position and performance.

SUSTAINABILITY STATEMENT

Parental Leave

Parental Leave	FY 2022	
	Men	Women
Number of employees that took Parental Leave	2	2
Number of employees that returned after Parental Leave	2	2
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	2	2

Capacity Building

We equip our workforce with the relevant training and development needed to perform their job to their fullest potential. This also leads to increased productivity, improved work performance, and enhanced skill sets, which benefit the Group as a whole as well as individuals.

This year, we recorded 866 total training hours, with an average of 7.6 training hours per employee. We spent a total of RM3,262 on employee training. The types of training programmes provided were Safety Training, IT Training, ESG Training, PPE Training, Employee Induction Training and other technical training relevant to our operations.

Local Community

GRI 3-3, 413-1

CBIPH acknowledges that CSR activities are essential to making a positive impact on the community. As such, we strive to engage in charitable contributions within our community to uplift and empower the local populace. We continue to make a difference in the community by supporting them any way we can and finding new and innovative ways to reach out to them.

CONCLUSION

As we adapt to the changes of the 'new normal', we remain focused on our goal of contributing to sustainable development while creating added value for our stakeholders. In attaining this balance, we strive to stay relevant and up-to-date on new policies, procedures and strategies that will further enhance our commitment to sustainability and prepare us for challenges as well as new endeavours in the future.

SUSTAINABILITY STATEMENT

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Number
GGRI 2: General Disclosures	2-1 Organisational details	2
	2-2 Entities included in the organisation's sustainability reporting	
	2-3 Reporting period, frequency and contact point	
	2-6 Activities, value chain and other business relationships	
	2-7 Employees	20
	2-9 Governance structure and composition	5
	2-10 Nomination and selection of the highest governance body	
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	
	2-22 Statement on sustainable development strategy	3, 11
	2-23 Policy commitments	6, 11
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	11
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	7
	2-29 Approach to stakeholder engagement	8
GRI 3: Material Topics	3-1 Process to determine material topics	8
	3-2 List of material topics	8, 10
	3-3 Management of material topics	7, 10 - 11, 13 - 14, 16 - 20, 23
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	14
GRI 205: Anti-Corruption	205-2 Communication and training about anti-corruption policies and procedures	11
GRI 302: Energy 2	302-1 Energy consumption within the organisation	16
	302-3 Energy intensity	
GRI 303: Water and Effluents	303-5 Water consumption	18
GRI 305: Emissions	305-2 Indirect (Scope 2) GHG emissions	16
GRI 306: Waste	306-2 Management of significant waste-related impacts	17
GRI 401: Employment	401-1 New employee hires and employee turnover	20
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	19
	403-2 Hazard identification, risk assessment and incident investigation	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-9 Work-related injuries	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	20
	404-2 Programmes for upgrading employee skills and transition assistance programmes	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programmes	23
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	13

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (“**ARMC**” or “**Committee**”) was established by the Board of Directors (“**Board**”) to assist them in carrying out their responsibilities. The Committee is guided by its Terms of Reference (“**TOR**”) which sets out the authority, duties and functions of the Committee.

The Board is pleased to present the ARMC Report and its activities for the financial year ended 31 December 2022 (“**FY 2022**”) in accordance with Paragraph 15.15 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

COMPOSITION AND MEETINGS

The ARMC comprises four (4) members all of whom are Non-Executive Directors with the majority being Independent Directors. This meets the requirements of Paragraph 15.09(1) and (2) of the MMLR of Bursa Securities. None of the members of the ARMC was a former partner of the External Auditors of the Group.

The Chairman of the Committee is not the Chairman of the Board. The composition of the Committee is in line with Practice 9.1 under the Malaysian Code on Corporate Governance 2021.

Mr. Lee Poi Keong, the Chairman of the Committee, is a member of the Malaysian Institute of Accountants (MIA), the Institute of Internal Auditors Malaysia (IIAM) and the Institute of Chartered Accountants in England & Wales (ICAEW). Therefore, the requirement of Paragraph 15.09(c) of the MMLR of Bursa Securities where at least one (1) member of the Audit and Risk Management Committee must be a qualified accountant has been complied with.

During the FY 2022, the Committee held a total of eight (8) meetings. The details of their attendance at the Committee meetings are as follows:

Members/Designation	Meeting Attendance
Lee Poi Keong Chairman/Senior Independent Non-Executive Director	8/8
Lim Chai Huat Member/Non-Independent Non-Executive Director	6/8
Karpanadevi A/P K R Somasundram Member/Independent Non-Executive Director	8/8
Dato’ Dr Suzana Idayu Wati Binti Osman Member/Independent Non-Executive Director	7/7*

Note:

* *Dato’ Dr Suzana Idayu Wati Binti Osman was appointed as a Director of the Company and as a member of the Committee on 1 March 2022.*

The Senior Management and the Group Internal Auditors were invited to attend the Committee meetings. The agenda of the meetings and relevant information were distributed to the Committee members seven (7) days before the meeting to allow the members sufficient time to review the information in order to discharge their duties and responsibilities diligently and effectively in compliance with the MMLR of Bursa Securities and its TOR.

The Committee has been given adequate resources to discharge its functions and has full and unrestricted access to and the co-operation of Management. The Committee also has full discretion to invite Senior Management, Chief Financial Officer, employees of the Group, External Auditors and Internal Auditors to attend and brief the members on specific issues during the Committee meetings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

In addition, the Committee held meetings with the External Auditors without the presence of Management where they were given the opportunity to raise any concern(s) or seek for professional opinion(s) and thus, be able to exert their functions independently.

The Company Secretary is the Secretary of the Committee and is responsible, together with the Committee Chairman, for drafting the agenda and circulating it prior to each meeting. The Secretary was also present to record the proceedings of the Committee meetings.

The performance of the Committee was assessed annually through self-evaluations, and the Nomination and Remuneration Committee reviewed the results of such an assessment. During FY 2022, the Board was satisfied that the Committee had discharged its statutory duties and responsibilities in accordance with the TOR.

The TOR of the ARMC is accessible through the Company's website at <https://www.cbip.com.my/corporate-governance>.

SUMMARY OF WORK DONE DURING THE FINANCIAL YEAR

The work carried out by the Committee in discharging its duties and functions with respect to their responsibilities during FY 2022 was summarised as follows:

Financial Reporting

The Committee reviewed the quarterly and annual financial statements prior to recommending the same to the Board for approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with the MMLR of Bursa Securities and other requirements.

The Committee keeps itself abreast of changes in accounting policies and guidelines through regular updates by the External Auditors.

External Audit

The Committee discussed with the External Auditors its audit plan and the report on the audit of the year-end financial statements and was updated by the External Auditors' audit reviews and Management's responses. Through the reviews, the Committee assesses the External Auditors' suitability, objectivity and independence.

In assessing the independence of the External Auditors, the Committee reviewed the fees paid to the External Auditors, including fees paid for non-audit services during the year. The Committee ensures the reasonableness of the fee charge against the size and complexity of the Group so that the auditors' independence has not been compromised and is suitable for re-appointment.

The Committee held three (3) private sessions with the External Auditors without the presence of the Management during the financial year in order to provide the External Auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference, and to notify the Committee on any issues such as major financial and control issues encountered during the audit of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Committee evaluated the External Auditors' suitability, independence, and objectivity, taking into consideration their technical competencies, audit quality and manpower resource sufficiency to perform the audit of the Group. Following an evaluation of the performance and independence of the External Auditors, it was recommended to the Board to propose to shareholders the re-appointment of the External Auditors at the Company's Annual General Meeting.

Internal Audit

The Committee reviewed the adequacy of the scope of functions and competency of the Internal Audit Function and the annual audit plan, including the review of all major findings during the year, Management's responses thereto, and the progress of action plans implemented by the Management.

The Committee also reviewed the effectiveness and efficiency of the internal control systems in place and the risk factors affecting the Company as well as the action plans taken by Management to resolve the issues and ensure the adequacy of the internal control system and identify the principal risks. The Committee reviewed the effectiveness of the risk management framework and internal control systems based on the reports and recommendations of the Internal Auditors, and the findings were reported to the Board.

Related Party Transactions

The Committee reviewed the related party transactions entered into by the Group to identify any conflict-of-interest situations that may arise within the Group on a quarterly basis and ensure that all transactions are made on an arm's length basis. There were no material related party transactions during the financial year.

The Committee also reviewed the recurrent related party transactions of a revenue or trading nature and any outstanding amounts due/owing to the Group by its related parties on a quarterly basis to ensure the amounts transacted were within the approved shareholders' mandate, as well as the circular to shareholders in respect of the recurrent related party transactions prior to recommending it for the Board's approval to seek a shareholders' mandate at the Annual General Meeting of the Company.

Others

During the annual preparation of the Annual Report, the Committee reviewed the Statement on Risk Management and Internal Control, ARMC Report, and the Corporate Governance Overview Statement to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Internal Audit Function is carried out by the Group Internal Audit Department (“**GIAD**”) which is responsible for the overall internal audit activities of the Group. The GIAD reports directly to the Committee.

The role of the Internal Audit Function is to assist the Board via the Committee in providing independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes within the Group. The activities of the Internal Audit Function during the financial year ended 31 December 2022 were as follows:

- (a) Development of the Internal Audit Plan for 2022 for the ARMC’s approval.
- (b) Execution of the approved 2022 Internal Audit Plan and ad-hoc assignments.
- (c) Presentation of the internal audit and risk management findings and areas for improvement to the ARMC for consideration, including the recommended corrective measures together with the Management’s response.
- (d) Performance of follow-up reviews to ensure previously established action plans had been adequately implemented by Management within the agreed timelines.

The total cost incurred for the Internal Audit Function for the year 2022 was RM324,306.00.

The internal audits conducted did reveal a number of weaknesses, but they were not expected to result in material losses, contingencies, or uncertainties that would require disclosure in the Annual Report.

Further details of the Internal Audit Functions are set out in the Statement on Risk Management and Internal Control on pages 43 to 45 of this Annual Report.

The ARMC Report was approved by the Board on 18 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed towards ensuring that a sound risk management framework and system of internal control exist in order to safeguard the Group's assets and minimise its losses and liabilities.

The Board is pleased to present this statement on the state of risk management and internal control of the Group prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirement ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers ("**Guidelines**") and the Malaysian Code on Corporate Governance 2021 ("**Code**").

BOARD RESPONSIBILITIES

The Board recognises the importance of a sound framework for risk management and internal control as a platform for good corporate governance. The Board acknowledges its responsibility and re-affirms its commitment to maintaining sound systems of risk management and internal control to safeguard shareholders' investments and the Group's assets as well as to reviewing the adequacy and effectiveness of these systems.

The Board has delegated the review of the adequacy and integrity of the internal control system to the Audit and Risk Management Committee ("**ARMC**"), which keeps the Board informed of all significant issues on risk management and internal control brought to the attention of the ARMC by Management, the Internal Auditors and the External Auditors.

Due to inherent limitations in any system of internal control and risk management, the Board recognises that such systems are designed to manage rather than eliminate all the risks that may hinder the Group from achieving its business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of delegated oversight responsibilities.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

1. Control Environment

- **Organisation Structure & Authorisation Procedures**

The Group maintains a formal organisational structure with well-defined delegation of responsibilities and accountability within the Group's Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- **Periodic Performance Review**

The actual performance of the Group is monitored against plans to identify and address significant variances during every quarterly meeting.

- **Group Policies and Procedures**

The Group has documented policies and procedures that are reviewed and updated periodically to ensure that they are effective and efficient and continue to support the Group's business activities at all times as the Group continues to grow.

- **Site Visits and Operational Meetings**

The Management team had arranged for members of the ARMC and Internal Auditors to visit the factory and conduct site visits. Operational meetings were conducted between the ARMC and Internal Auditors along with the Management to keep the ARMC abreast of the updates on the Group's operational status.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. Risk Management Framework and its Implementation

Risk Management is regarded by the Board as an integral part of managing business operations. The Risk Management Committee (“**RMC**”) is made up of the respective Heads of the key operating companies (“**HOC**”) who are in charge of managing risks related to their functions on a daily basis, while the Managing Director (“**MD**”) and the Chief Financial Officer (“**CFO**”) are in charge of business/operations and accounting/finance matters at the Group level.

The Board, through the ARMC (which oversees the RMC), obtained assurance that the system of risk management and internal control of the Group is functioning effectively.

In 2022, the Board engaged the services of Messrs. BCP Asia Sdn. Bhd. (“**BCP Asia**”), an outsourced risk management firm, to conduct a risk management exercise together with the RMC to prepare the enhanced Enterprise Risk Management (“**ERM**”) Framework as well as guide the HOC with the implementation of the ERM.

The RMC meetings conducted during the year were in the presence of the representatives of BCP Asia, the respective HOC, CFO and MD, whereby inputs and updates on the business or operating risks within the functions as well as action plans that would be implemented to address the identified risks, including the date and progress of implementation, would be discussed. The HOC, CFO and MD would also provide assurance that the identified risks were within the risk appetite of the Group and that a proper action plan had been taken to rectify and/or mitigate the identified risk.

The abovementioned practices and initiatives by Management serve as an ongoing process to identify, assess and manage key business, operational and financial risks faced by the Group.

In addition, the Internal Auditors update the ARMC quarterly on the status of implementation of previous identified risks, management action plans to mitigate significant business or operating risks of the Group and whether the controls put into effect by the Management are sufficient and effective in mitigating the identified risks. The ARMC, on behalf of the RMC, would highlight to the Board the significant risks identified in the scheduled quarterly meetings.

3. Internal Audit Function

The Group Internal Audit Department is independent from the day-to-day operations of the Group. The duties of the Internal Auditors are performed with professional care and impartiality, with the primary goal of providing the ARMC and the Board with assurance and an independent assessment of the adequacy, efficiency and effectiveness of the risk management practices and internal control systems.

The Internal Auditors report directly to the ARMC and the internal audit plans are tabled to the ARMC for review and approval to ensure adequate coverage. Based on internal policies, procedures and frameworks as well as the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the Internal Auditors assess the Group’s internal control based on the following five interrelated control elements:

- a. Control environment;
- b. Risk assessment;
- c. Control activities;
- d. Information and communication; and
- e. Monitoring activities.

This is documented in the ARMC Report on pages 39 to 42 of this Annual Report.

On a quarterly basis, the Group Internal Auditors table the results of their review of the business processes of different operating units to the ARMC. The status of the implementation of corrective actions to address control weaknesses is also followed up by the Internal Auditors to ensure that these actions have been satisfactorily implemented.

Based on the internal audit reviews conducted during the financial year 2022, none of the weaknesses noted have resulted in any material losses or liabilities that would require a separate disclosure in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. Information and Communication

Information critical to the achievement of the Group's business objectives is communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. Monitoring and Review

- **Business Planning and Budgeting Review**

The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group. Business plan and annual budget prepared by Management are tabled to the Board for their review and approval prior to implementation.

- **Financial and Operational Review**

The quarterly financial statements containing key financial results and operational performance results are monitored against budgets and plans to identify and address significant variances quarterly, and these are presented to the Board for their review, consideration and approval.

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the MD and the CFO, have provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their review was performed in accordance with recommended Audit and Assurance Practice Guide 3 (AAPG 3) (February 2018) - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers as set out, nor it factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal control are adequate and effective to safeguard the Group's assets and minimise its losses and liabilities. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will continue to enhance the risk management and internal control system of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 18 April 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of CB Industrial Product Holding Berhad (“**CBIPH**” or “**the Company**”) is committed in ensuring that CBIPH and its Group of Companies (“**Group**”) cultivates and instills good governance and that conducts of the Group is in the best interests of the Group and its shareholders.

This Statement provides an overview on the Group’s corporate governance practices as set out in the Malaysian Code on Corporate Governance 2021 (“**Code**”) and the extent of the Company’s compliance with the three (3) key principles and practices of the Code during the financial period under review, and this Statement is to be read together with the Corporate Governance Report of the Company which is available on the Company’s website at www.cbip.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Strategic Aims, Values and Standards

The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance, and governance matters. The Board undertakes the key roles in charting the strategic direction, developing and exercising control over the Group, which includes reviewing and monitoring matters of strategy to promote sustainability, performance, evaluation, resource allocation, standards of conduct, financial matters, succession planning, corporate disclosure, effectiveness and adequacy of the Group’s system of internal controls and risk management practices.

The Board delegates and confers some of its authority and discretion to the Chairman, Executive Directors and Management as well as to properly constituted Board Committees comprising exclusively of Non-Executive Directors which operate within clearly defined Terms of Reference as approved by the Board.

The Board Committees, comprising the Audit and Risk Management Committee (“**ARMC**”) and the Nomination and Remuneration Committee (“**NRC**”), are entrusted with specific responsibilities to oversee the Group’s affairs, with the authority to act on behalf of the Board in accordance with their respective Terms of Reference. Nevertheless, the Board retains the role of overall oversight over the decisions made by the Board Committees at all times. At each Board meeting, the Minutes of the respective Board Committees are presented to the Board for notation by the respective Chairmen of the Board Committees, which includes reports on key issues deliberated at their respective meetings that require the Board attention.

In addition to the Board Committees, the Group has established a Risk Management Committee at Management level comprising the heads of the respective key operating subsidiaries and led by the Managing Director of the Company, as part of the Company’s risk management and internal control framework for the purpose of identifying and managing risks affecting the Group. The Risk Management Committee reports the findings of key risk areas of each subsidiaries to the ARMC.

The Key Matters Reserved which would significantly impact on the performance and operations of the Group, would be deliberated and approved by the Board, including but not limited to the annual business plan and budget, capital management and investment policies, authority limits/levels, risk management practices, new businesses/projects, declaration of dividends, business continuity plans, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year under review, the Board, in addition to the above matters, has reviewed the Company's policies and procedures to be in line with the Companies Act 2016, National Anti-Corruption Plan (2019-2023) (NACP), the Code and the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and implemented the following as part of its continuous efforts in enhancing corporate governance:

- (1) Adopted the Directors' Fit and Proper Policy;
- (2) Amend the Board Performance Evaluation Form to include questions relating to Environmental, Social and Governance ("**ESG**") to review the Board performance in addressing the company's material sustainability risks and opportunities;
- (3) Adoption of the Enterprise Risk Management Framework;
- (4) For purpose of effective risk oversights, the Board has established the Risk Management Committee which comprised the same composition of the Audit Committee, and renamed the Audit Committee to Audit and Risk Management Committee;
- (5) Review and update the Board Charter and Terms of Reference of the Board Committees to align with the amendments to the MMLR and the Code; and
- (6) Review of the internal Policies and Procedures of the Group.

Looking ahead to 2023, the priorities of the Board will be in the following areas:

1. To have at least 50% Independent Directors on the Board;
2. To adopt ISO 37001 – Anti-Bribery Management Systems to establish, implement, maintain and improve the anti-bribery compliance programme of the Group; and
3. To establish Business Continuity Plan for the Group to protect people, property and assets, and to prevent interruption to mission critical services.

The Board regularly reviews the strategic direction of the Company and the progress of the Company's operations, taking into account changes in the business and political environment and risk factors.

1.2 Chairman

Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah, an Executive Director, was redesignated as the Chairman of the Company after the resignation of Tan Sri Datuk Dr. Yusof Bin Basiran on 1 March 2022. The Chairman leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates any discussion. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by Management. Tengku Dato' Ardy Esfandiari chairs the general meetings thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

The Chairman of the Board is not a member of the ARMC or NRC and has not participated in any meetings of the ARMC and NRC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.3 Separation of the Positions of the Chairman and Managing Director (“MD”)

The positions of the Chairman and the MD are held by different individuals. Tengku Dato’ Ardy Esfandiari is the Chairman of the Company whereas Datuk Lim Chai Beng is the MD of the Company.

The Board recognises the importance of having a clear separation of responsibilities between the Chairman and the MD to promote accountability and ensure an appropriate balance of roles and powers, responsibilities, and accountability at Board level such that no one individual can influence the Board’s discussions and decision making.

The distinct roles of the Chairman and the MD are clearly defined in the Board Charter of the Company, which is available on the Company’s website at www.cbip.com.my.

1.4 Qualified and Competent Secretaries

The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries are qualified Company Secretaries under Section 235(2)(a) of the Companies Act 2016.

All Directors have access to the advice and services of the Company Secretaries. The Company Secretaries play an advisory role in ensuring good information flow within the Board, Board Committees and Management.

The Company Secretaries attend all meetings of the Board and Board Committees and advise the Directors on the issues relating to corporate governance matters, requirements encapsulated in the Company’s Constitution and legislative promulgations such as the Companies Act 2016, MMLR, the Code, etc. The Company Secretaries shall continuously guide the Directors on the requirements to be observed arising from new and/or amendments to the regulations and guidelines issued by the authorities.

The Company Secretaries are entrusted to record the proceedings of the Board, in terms of the issues discussed and ensure that the deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to Management for appropriate actions or follow-ups.

The minutes of the previous Board and Board Committees meetings are distributed to the Directors or Committee prior to the meeting for their perusal before confirmation of the minutes is given at the commencement of the forthcoming Board and Board Committees meetings. The Directors may comment and seek clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. The Management provides Directors with complete and timely information prior to meetings and on an ongoing basis to enable the Directors to make informed decisions.

1.5 Access to Information and Advice

All Directors may seek independent professional advice at the Company’s expense on specific issues to enable them to discharge their duties, where necessary.

The Board understands that the supply, timeliness, and quality of the information affect the effectiveness of the Board in the oversight of the conduct of business and to evaluate the Management’s performance of the Group. All Board members have full and unrestricted access to all information pertaining to the Group’s business and affairs, including amongst others, major financial, operational, and corporate matters, as well as the activities and performance of the Group to enable them to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.6 Board Charter

The Board has formalised a Board Charter which sets out the roles, functions, compositions, operations and processes of the Board.

The Board Charter serves to ensure that all Board members are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with Corporate Governance principles.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the corporate governance practices of the Company and the responsibilities of the Board in discharging its governance function.

The Board Charter was last reviewed by the Board on 24 August 2022 and is available on the Company's website at www.cbip.com.my.

1.7 Code of Ethics and Conduct

The Group is committed to achieving and monitoring high standards of behaviour at work.

The Board adheres strictly to the Corporate Code of Business Conduct and Work Ethics Policy for Directors, Senior Management and Employees ("**Corporate Code**") in discharging its oversight role effectively. The Corporate Code requires all Directors, Senior Management and Employees of the Group to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and to act in good faith in the best interests of the Group and its shareholders.

The Corporate Code is available on the Company's website at <https://cbip.com.my/corporate-governance/>.

1.8 Whistleblower Policy

The Board has adopted a Whistleblower Policy for the Group as a measure to promote the highest standard of corporate governance. The Whistleblower Policy outlines the avenues for employees and stakeholders to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective action and measures to resolve them effectively.

Any party who has a reasonable belief that there is serious malpractice relating to any matter disclosed, may direct such complaint and report it to the ARMC in writing. The Company will ensure that any employee who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Whistleblower Policy is available on the Company's website at <http://www.cbip.com.my/corporate-governance/>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.9 Anti-Corruption and Bribery Policy

In compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of the MMLR of Bursa Securities in relation to anti-bribery, the Board has adopted an Anti-Corruption and Bribery Policy in order to achieve and maintain the highest standard of integrity and work ethics in the conduct of its business and operations.

The Anti-Corruption and Bribery Policy provides guidance to all Directors, employees and associates of the Group relating to specific acts of bribery and corruption and also to related matters such as proper reporting and accounting.

The Anti-Corruption and Bribery Policy is available on the Company's website at <http://www.cbip.com.my/corporate-governance/>.

1.10 Sustainability Leadership

The Board takes cognisance of the importance of improving the values affecting stakeholders, employees, society, and the environment towards the sustainability of the Group's business. The Board with consultation from management, oversees and evaluates the economic, environmental, social, and governance ("ESG") issues and any other external matters that may affect the development of the Group's business or the interests of the shareholders, ensuring that the Company's strategies promote sustainability. The sustainability practices of the Group are disclosed in the Sustainability Statement, which is reviewed and approved by the Board.

The MD leads the Group's sustainability practices across management and operational fronts, with respective division heads driving the division's sustainability practices.

The Group is fully committed to discharge its duty in curbing environmental concerns, ensuring safety and health of employees and consumers are safeguarded.

The Company recognises the importance of stakeholder engagement and engages with stakeholders through communication avenues such as dialogues, media engagement, general meetings, survey/feedback, annual/quarterly reports and announcements, and designated email, allowing stakeholders to communicate their views and concerns to the Board and Management.

Aside from environmental and social sustainability practices, the Group has adopted the Corporate Code of Business Conduct and Work Ethics Policy, Whistleblower Policy, and Anti-Corruption and Bribery Policy to uphold high standards of governance practice across the Group and exercises zero tolerance against all forms of bribery and corruption. The codes and policies are accessible to the public on the Company's website.

PART II – BOARD COMPOSITION

2.1 Board Composition

The NRC oversees and reviews on an on-going basis, the overall composition of the Board in term of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the contribution and performance of each individual Director to the effectiveness of the Board and the Board Committees will also be assessed by the NRC on an annual basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

As at the end of financial year 2022, the Board consists of seven (7) members, comprising one (1) Executive Director/Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. In respect of Independent Non-Executive Directors, the composition of the Board exceeds the requirements as set out in Paragraph 15.09 of the MMLR of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

The Board is aware that its current composition departs from Practice 5.2 of the Code which states that at least half of the Board comprises Independent Directors, it nonetheless believes that the goal of independence and objectivity in such practice is not compromised as a result of such composition. In fact, the Board is of the view that independence and objectivity are present and preserved with the current set of Directors in view of the weight given to the opinions of its three (3) Independent Non-Executive Directors, which brings the necessary checks and balance in the Board's decision-making process.

The three (3) Independent Non-Executive Directors fulfilled the criteria of independence as defined in the MMLR. In order not to compromise their objectivity, the Independent Non-Executive Directors do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company. In staying clear of any potential conflict of interest, the Independent Non-Executive Directors remained in a position whereby they were able to fulfil their responsibility and act independently to provide checks and balances to the Board.

The Company is helmed by an experience Board comprising members of high calibre with integrity and is capable of providing a wealth of diverse knowledge, experience and skills in the key areas of accountancy, finance, business operations and development, legal and compliance, corporate governance, risk management and oil palm plantation know-how amongst others.

2.2 Tenure of Independent Director

The Board has adopted the recommendation of the Code that the tenure of its Independent Directors should not exceed a cumulative term of nine (9) year. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the director as a Non-Independent Director. If the Board intends to retain the Independent Director after 9 years, the Board will provide justification and seek shareholders' approval at the Annual General Meeting ("AGM") through a two-tier voting process in accordance with the Code.

The independence of Directors is measured based on the criteria prescribed under the MMLR of Bursa Securities, in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

The NRC carries out the evaluation of independence for each independent director annually. The NRC has undertaken a review and assessment of the level of independence of the Independent Directors during the financial year 2022 and is satisfied that they are able to discharge their responsibilities in an independent manner. The Independent Directors have also declared their independence to the Board during the review of Directors' independence as part of the annual assessment carried out by the NRC.

None of the Independent Directors has exceeded a cumulative term of nine (9) years as at the date of this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.3 Diverse Board and Senior Management Team

The Board acknowledges the importance of a diverse Board and Senior Management. The Group adhered strictly to the practice of non-discrimination of any form, whether based on race, age, religion or gender throughout the organisation, in the selection of Board members and Senior Management.

The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity, and other qualities necessary to meet the needs of the Company.

The Group will make every effort to meet diversity at the Senior Management level, and the Group's Key Senior Management team is made up of a mixture of both genders.

The Board has established a Board Diversity Policy whereby the Board will endeavor to achieve a minimum of 30% women directors as soon as practicable and suitable.

As at the date of this statement, there are two (2) women Directors on the Board that comprises seven (7) board members in total, which was slightly lesser than the intended 30% of women representation on the Board.

Presently, there is one (1) female representation at the Senior Management level. The Board will endeavour to increase the number of female representations at the Senior Management level if there are appropriate candidates available when vacancies arise.

2.4 Board's Commitment

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board Meetings and Board Committee Meetings to deliberate on matters under their purview. Board Meetings and ARMC Meetings are held at quarterly intervals, with additional meetings convened whenever necessary. During the financial year, the Board has deliberated on business strategies and issues concerning the Group including the business plan, annual budget, financial results, etc.

The attendance record of the Directors at Board and Board Committee meetings during the financial year 2022 is set out as follows:

Director	Meeting Attendance			
	Board	ARMC	NRC	AGM
Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah	6/6	-	-	1/1
Datuk Lim Chai Beng	6/6	-	-	1/1
Lim Zee Ping (Appointed on 10 March 2022)	5/5	-	-	1/1
Lim Chai Huat	5/6	6/8	4/4	1/1
Lee Poi Keong	6/6	8/8	4/4	1/1
Karpanadevi A/P K R Somasundram	6/6	8/8	4/4	1/1
Dato' Dr Suzana Idayu Wati Binti Osman (Appointed on 1 March 2022)	5/5	7/7	2/2	1/1

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies and shall notify the Chairman, before accepting any new directorships.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors shall remain fully committed in carrying of their duties and responsibilities by:

- (1) ensuring the total number of directorships held by each Directors are below the maximum number set by the Board; and
- (2) the time commitment in the full attendance at the Board Meetings.

During the financial year 2022, all the Directors attended the following training, seminars, conferences, and exhibitions to keep themselves abreast with the changes in laws and regulations, business environment, and corporate governance development:

DIRECTOR	COURSE/ PROGRAMME ATTENDED
Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah	Sustainability, Environment, Social and Governance & Anti-Bribery and Anti-Corruption Training Programme (21 December 2022)
Datuk Lim Chai Beng	Sustainability, Environment, Social and Governance & Anti-Bribery and Anti-Corruption Training Programme (21 December 2022)
Lim Zee Ping	Sustainability, Environment, Social and Governance & Anti-Bribery and Anti-Corruption Training Programme (21 December 2022)
Lim Chai Huat	Sustainability, Environment, Social and Governance & Anti-Bribery and Anti-Corruption Training Programme (21 December 2022)
Karpanadevi A/P K R Somasundaram	- MIA Virtual Conference Series: Women of Substance Symposium 2021 (20 January 2022) - Empowering Women Entrepreneurs in the new Norm E-Form (3 March 2022) - Empowering and Rewarding the "Boardroom Brigade" – A Board Remuneration Masterclass (18 May 2022) 2022 Board and Audit Committee Priorities (31 May 2022) - Virtual MIA International Accountants Conference 2022 – Leading ESG, Charting Sustainability (8 – 9 June 2022) - Maybank's Invest ASEAN 2022 (9 June 2022) - Supercharge ESG Ambitions with Technology (10 August 2022) - Building a Formidable Tax Governance Framework (17 August 2022) - National Diversity Summit & Women Career Convention 2022 (WCC 2022) (30 August 2022) - International Directors Summit 2022 (26 – 28 September 2022) - Bursa Malaysia Immersive Session: The Board "Agender" (1 December 2022) - Sustainability, Environment, Social and Governance & Anti-Bribery and Anti-Corruption Training Programme (21 December 2022)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTOR	COURSE/ PROGRAMME ATTENDED
Lee Poi Keong	• Virtual MIA International Accountants Conference 2022 (MIA) (8 – 9 December 2022) • 2022 MFRS Updates Seminar (13 December 2022) • Sustainability, Environment, Social and Governance & Anti-Bribery and Anti-Corruption Training Programme (21 December 2022)
Dato' Dr Suzana Idayu Wati Binti Osman	• <i>Kursus Berkenaan Tatacara Pentadbiran Syarikat Serta Peranan Ahli Lembaga Pengarah Di Dalam Syarikat Subsidiari</i>, Module 1: Dynamics of a Company (Suruhanjaya Syarikat Malaysia) (1 September 2022) • Khazanah Megatrends Forum 2022 (3 – 4 October 2022) • Bursa Immersive Session: The Board “Agender” (Bursa Malaysia/LeadWomen) (1 December 2022) • Bursa – HLIB Stratum Focus Series XIV titled “CyberSecurity: Managing Threat in the Digital Economy” (6 December 2022) • Training Programme for ESG, Corporate Governance & Anti-Bribery & Anti-Corruption (PPA – Tricor Excelasia) (6 December 2022) • Sustainability, Environment, Social and Governance & Anti-Bribery and Anti-Corruption Training Programme (CBIP – Tricor Excelasia) (21 December 2022) • Virtual MIA International Accountants Conference 2022 (MIA) (8 – 9 December 2022)

The Company will continue to identify suitable trainings for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Company Secretaries, together with the Management undertake the role as the co-ordinator to manage and co-ordinate the Director’s training requirements.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training related to their functions or roles to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.5 Nomination and Remuneration Committee (“NRC”)

The NRC consists of entirely Non-Executive Directors with a majority being Independent Directors, as follows:

Chairperson	Karpanadevi A/P K R Somasundram <i>(Independent Non-Executive Director)</i>
Members	Lim Chai Huat <i>(Non-Independent Non-Executive Director)</i>
	Lee Poi Keong <i>(Senior Independent Non-Executive Director)</i>
	Dato’ Dr Suzana Idayu Wati Binti Osman <i>(Independent Non-Executive Director)</i>

The full details of the NRC’s Terms of Reference are published on the Company’s website at www.cbip.com.my.

The NRC is responsible for new appointments and re-election to the Board based on the Company’s Fit and Proper Policy, assessing the adequacy and appropriateness of the board composition, identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis.

The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine the skill matrix to support the strategic direction and needs of the Company.

In identifying the candidates for appointment to the Board, other than solely relaying on the recommendations from existing Board members, Management and/or Major Shareholder, the NRC also explore independent sources to identify suitably qualified candidates.

The NRC evaluates the qualifications and experience of the candidate against the Board’s requirements, including the Director’s Fit and Proper Policy as well as its gender diversity policy and where appropriate recommends them to the Board for appointment.

During the financial year 2022, the NRC held four (4) meetings and the work carried out by the NRC in discharging its functions and duties was as follows:

- evaluated the balance of skills, knowledge, experience and diversity on the Board;
- reviewed and recommended the adoption of Directors’ Fit and Proper Policy;
- assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- reviewed and assessed the performance of the Chief Financial Officer (“CFO”);
- reviewed the re-election of retiring Directors;
- assessed and evaluated the level of independence of Independent Directors;
- assessed Directors’ training needs;
- reviewed the terms of office of the Audit and Risk Management Committee and each member of the Audit and Risk Management Committee;
- reviewed the remuneration of Executive Directors based on the key performance indicators achieved; and
- reviewed the Directors’ fee and benefit payable to the Non-Executive Directors from 1 July 2022 to 30 June 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.6 Annual Evaluation

The NRC oversees and reviews on an on-going basis, the overall composition of the Board in term of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the contribution and performance of each individual Director to the effectiveness of the Board and the Board Committees will also be assessed by the NRC on an annual basis.

The Board, through the NRC, reviews and evaluates its own performance and the performance of the Board Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Director Self-Assessment and an Assessment of the Independence of the Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's roles and responsibilities. As for the Individual Director Self-Assessment, the assessment criteria include contribution to interaction, quality of input, understanding of role and time commitment.

The results of the assessment would form the basis of the NRC's recommendation to the Board for the re-election of the retiring Directors at the next AGM.

In addition, the NRC reviews and evaluates the performance of the CFO on an annual basis.

Based on the results of the assessments, the NRC was satisfied with the existing Board composition and was of the view that the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments and evaluations carried out by the NRC in the discharge of its functions were properly documented.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. All Directors have given their utmost commitment to the Board meetings by attending almost all Board and Board Committees meetings as shown in the details of attendance of Directors at the meetings held during the financial year.

2.7 Re-election of Retiring Director

In accordance with Clause 97 of the Company's Constitution, one third of the Directors (with the exception of the Alternate Director) are subject to retirement by rotation annually, and all Directors shall retire from office once every three years. The first Directors to retire each year are the Directors who have been the longest in office since their last appointment on re-election.

The Directors appointed to fill the casual vacancy are subject to retirement at the next AGM held following their appointments in accordance with Clause 104 of the Company's Constitution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The following Directors are subject to retirement at the forthcoming 26th AGM and being eligible for re-election, have expressed their willingness to seek re-election:

Provision of Constitution	Name of Director
Clause 97	• Mr. Lim Chai Huat • Ms. Karpanadevi A/P K R Somasundram

The NRC and the Board have considered the annual performance assessment together with the fit and proper criteria set out in the Company's Fit and Proper Policy, for Mr. Lim Chai Huat and Ms. Karpanadevi A/P K R Somasundram, and collectively agreed that they can each meet the criteria of character, experience, integrity, competence, and time required to effectively discharge their respective roles as Directors.

The Board approved the NRC's recommendation that these Directors who retire in accordance with the Company's Constitution are eligible to stand for re-election.

The profiles of retiring Directors standing for re-election are set out in the Directors' Profile in the Annual Report 2022.

PART III - REMUNERATION

3.1 Remuneration Policy

The NRC and the Board ensure that the Company's remuneration remains supportive of the Company's corporate objectives and is in tune with the market rate, and further that the remuneration packages of Directors and Key Senior Management are sufficiently attractive to attract and retain persons of high calibre.

The Group Remuneration Policy recognises the need for the Company and its Group to attract, motivate, and retain qualified members of the Board and Management as well as align the interests of the Board and Management with those of the Company's shareholders. As such, the Group Remuneration Policy adopted by the Board embodies the following principles:

- Providing fair, consistent and competitive rewards to attract and retain high calibre executives;
- Motivating the Company's Directors and executives to achieve superior performance; and
- A remuneration framework that incorporates both short- and long-term incentives linked to the Company performance and total shareholders' returns.

The Group Remuneration Policy is published on the Company's website at www.cbip.com.my.

3.2 Remuneration of Directors and Senior Management

The NRC evaluates the performance of the Executive Directors ("**EDs**") on an annual basis and makes recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year and achievement of the goals and/or quantified organisational targets established at the beginning of each year.

The key performance indicators ("**KPIs**") of the EDs are tailored to their specific business segments. To ensure that the EDs work together to contribute towards the success of the overall group, their KPIs also include some of the Group's KPIs.

The Board as a whole determines the Directors' fee of the Non-Executive Directors ("**NEDs**") and recommends the same for the shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The remuneration package of the EDs consists of a monthly salary, allowance, bonus, and benefits-in-kind (“BIK”) such as company cars and coverage under the Directors and Officers Liability Insurance in respect of any significant liability arising from acts committed in their capacity as Directors and Officers of the Company. The Directors and principal officers are required to contribute jointly towards the premium of the said policy.

The aggregate remuneration of Directors received from the Company and on a Group basis for the financial year ended 31 December 2022 is as follows:

Directors	Company		Group		
	Fee (RM'000)	Other Emoluments and BIK^ (RM'000)	Fee (RM'000)	Other Emoluments and BIK^ (RM'000)	Defined Contribution Plan (RM'000)
Executive Directors*					
Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah	-	30	24	310	12
Datuk Lim Chai Beng	-	30	26	1,104	43
Lim Zee Ping (Appointed on 10 March 2022)	-	17	-	377	45
Non-Executive Directors					
Lim Chai Huat	55	37	-	-	-
Karpanadevi A/P K R Somasundram^	56	37	-	-	-
Lee Poi Keong	58	25	-	-	-
Dato' Dr Suzana Idayu Wati Binti Osman (Appointed on 1 March 2022)	42	23	-	-	-

*The remuneration paid to the EDs were in respect of their employment with the Company/Group.

^ other emolument and BIK consist of salary, bonus, allowance and benefits-in-kind.

3.3 Remuneration of Top Five (5) Senior Management

The number of top five (5) Senior Management whose remuneration (comprising salary, bonus, BIK and other emoluments) for the financial year ended 31 December 2022 within the successive bands of RM50,000 is as follows:

Range of Remuneration	Top Five Senior Management
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1
RM350,001 to RM400,000	2
RM850,001 to RM900,000	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

4.1 ARMC

The ARMC is relied upon by the Board, amongst others, to provide advice in the areas of financial reporting, external audit, internal control environment, and internal audit process, review of related party transactions and conflict of interest situation. The ARMC also undertakes to provide oversight on the risk management framework of the Group.

The ARMC is chaired by a Senior Independent Non-Executive Director, who is distinct from the Chairman of the Board, and all members of the ARMC are financial literate and have a good understanding of the business of the Group. The composition of the ARMC, including its roles and responsibilities, as well as a summary of its activities carried out in the year 2022, is set out in the ARMC Report on pages 39 to 42 of this Annual Report.

Collectively, the ARMC possesses a wide range of necessary skills to discharge its duties. The ARMC has completed the Financial Literacy Questionnaire and confirmed their abilities and competencies to read, analyse and interpret financial statements and are qualified to review the accuracy of the Group's financial statements.

All members of the ARMC will continue to undertake continuous professional development and have an annual discussion with the External Auditors on financial reporting development to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules.

4.2 External Auditors

Annually, the ARMC reviews the appointment, performance, and remuneration of the External Auditors before recommending them to the shareholders for re-appointment at the AGM. The ARMC would convene meetings with the External Auditors without the presence of the EDs and employees of the Group as and when necessary.

As part of the ARMC's review processes, the ARMC has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Having been satisfied with Messrs. Crowe Malaysia PLT's performance, technical competency, and audit independence, the ARMC recommended the re-appointment of Messrs. Crowe Malaysia PLT to the Board, upon which the shareholders' approval will be sought at the AGM.

Based on the ARMC's assessment of the External Auditors, the Board is satisfied with the independence, quality of service, and adequacy of resources provided by the External Auditors in carrying out the annual audit for the financial year 2022. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4.3 Cooling-off Period for Key Former Audit Partners

The ARMC has adopted a policy that requires any Director who is a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC, and the said policy has been incorporated into the Terms of Reference of the ARMC, which is published on the Company's website in accordance with Practice 9.2 of the Code in year 2022.

4.4 Internal Auditors

The Group Internal Audit (“**GIA**”) Department was established to support the Board through the ARMC in discharging its duties and governance responsibilities of maintaining a sound internal control system within the Group. The Group's Internal Auditors report directly and functionally to the ARMC. They are also independent of the functions and activities that they audit and perform its duties in accordance with the Internal Audit Plan approved by the ARMC.

The GIA Department is staffed with six Internal Auditors who are free from any relationship or conflict of interest, which could impair their objectivity and independence.

The GIA Department is spearheaded by Mr. Chua Chin Keat, who holds a Bachelor's Degree with a double major in Economics and Finance from RMIT University, Australia and has more than 20 years' of internal auditing experiences in banking, finance, franchise, agriculture, manufacturing and construction sectors. He is a member of the Institute of Internal Auditors Malaysia (IIAM).

The GIA Department has adopted professional guides such as the International Professional Practices Framework (IPPF) and COSO's Internal Control—Integrated Framework as references during the conduct of assignments.

Details of the Internal Audit Function and activities are presented in the ARMC Report on pages 39 to 42 of this Annual Report.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations, as well as internal procedures and guidelines.

The ARMC is assigned by the Board to oversee the risk management of the Group and advise the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The ARMC also reviews the action plans implemented and makes relevant recommendations to the Board to manage residual risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group has established a formal risk management framework to oversee the risk management of the Group. The Risk Management Committee (“**RMC**”), comprised the Heads of key operating subsidiaries, was formed to assist the ARMC and Board in identifying, assessing, managing, monitoring, and reporting underlying risks. The RMC shall report the risk findings of the subsidiaries and report to the ARMC. The Board is provided with assurance that the Group’s risk management and internal control systems were functioning effectively through the ARMC.

The Statement on Risk Management and Internal Control included on pages 43 to 45 of this Annual Report provides an overview of the Internal Control Framework adopted by the Company during the financial year ended 31 December 2022.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company’s stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other’s objectives and expectations. The Board has put in place a Corporate Disclosure Policy with the objective of ensuring communications to the public are timely, factual, accurate, complete, broadly disseminated and, where necessary, filed with regulators in accordance with applicable laws. The Corporate Disclosure Policy is published on the Company’s website.

The Company’s website provides all relevant corporate information and is accessible by the public. The Company’s website includes its Annual Report, financial results, share price information, and all corporate announcements made by the Company. Where possible and applicable, the Group provides additional disclosures on a voluntary basis. The Board believes that ongoing communication with shareholders is vital for both shareholders and the investors to make informed investment decisions.

The Company encourages effective, transparent and regular communication with the shareholders and the stakeholders including employees and any queries can be directed to the Corporate’s website by an e-mail address: info@cbip.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PART II – CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Groups' business and corporate developments.

The 25th AGM of the Company held on 30 May 2022 was conducted virtually using remote participation and voting facilities. During the 25th AGM, Shareholders and proxies were accorded the opportunity to submit questions or seek clarification on matters relating to the Company's performance both financial and non-financial via the online meeting platform for the Board to respond. In addition, the shareholders could also submit their questions prior to the AGM via email to the Investors' Relations of the Company, which would be addressed by the Board and/or Management during the AGM.

All the Directors were present at the 25th AGM to engage directly with shareholders and responded to all questions raised and provided clarification as required by the shareholders. In addition, the Head of Investor Relations presented the Company's operational and financial performance for the financial year under review at the 25th AGM.

The presentation is supported by visual and graphic presentations of key financial figures, key operational highlights and prospects to facilitate the shareholders' understanding of the Company's performance.

The Chairman of the Board ensured that sufficient opportunities were given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses were given.

The minutes of the 25th AGM which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within thirty (30) business days after the 25th AGM at the Company's website.

In line with good corporate governance practice, the notice of the forthcoming 26th AGM, the Form of Proxy and the Annual Report are despatched to the shareholders at least twenty-eight (28) days before the AGM. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved. All the Directors of the Company will endeavour to attend all general meetings and the Chair of the Audit & Risk Management Committee, Nomination and Remuneration Committee will provide a meaningful response to questions addressed to them.

This Corporate Governance Overview Statement was approved by the Board on 18 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

(i) Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year.

(ii) Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the External Auditors and their affiliates by the Company and the Group for the financial year ended 31 December 2022 is as follows:

	Company (RM)	Group (RM)
Audit fees	85,000	514,000
Non-audit fees	7,000	100,035

(iii) Material Contracts involving Directors, Chief Executive who is not a Director, and Major shareholder's Interest

Except for what is disclosed in the Related Party Transaction as stated below, there were no other material contracts entered into by the Group involving the interests of the Directors, chief executive who is not a Director or Major Shareholder either subsisting as at 31 December 2022 or entered into since the end of the previous financial year.

(iv) Recurrent Related Party Transaction ("RRPT") of Revenue or Trading Nature

At the Twenty-Fifth Annual General Meeting held on 30 May 2022, the Company obtained a mandate from its shareholders to enter into RRPT with a person who is considered a Related Party as defined in Chapter 10 of the Main Market Listing Requirements. Details of the RRPT during the financial year ended 31 December 2022 pursuant to the Shareholders' Mandate are as follows:

Transacting Parties	Interested Related Parties	Nature of Transaction	Actual Value Transacted (RM'000)
ENBPOL and the Group	DLCB, LZP, LCH and LCG	a. Purchase of palm oil mills equipment, spare parts from CBIPH Group. b. Provision of engineering works by CBIPH Group.	1,136
TPL and the Group	DLCB, LZP, LCH and LCG	a. Purchase of Palm Oil Mill equipment, boiler and spare parts from CBIPH Group b. Provision of engineering work by CBIPH Group.	1,507
Presspalm and the Group	LCT, DLCB, LZP, LCH and LCG	Sale of palm oil mills spare parts and machining items to CBIPH Group.	30
Presspalm and the Group	LCT, DLCB, LZP, LCH and LCG	Purchase of palm oil mills spare parts from CBIPH Group.	538
RSB and the Group	DLCB, LZP, LCH and LCG	a. Supply of boiler spare parts, palm oil mills equipment and spare parts by CBIPH Group b. Provision of engineering works by CBIPH Group.	3,490
PWEB and the Group	DLCB, LZP, LCH, TYH, LCG and LST	a. Purchase of Palm Oil Mills Spare parts from CBIPH Group.	198

ADDITIONAL COMPLIANCE INFORMATION

Transacting Parties	Interested Related Parties	Nature of Transaction	Actual Value Transacted (RM'000)
PWEB and the Group	DLCB, LZP, LCH, TYH, LCG and LST	b. Supply of effluent treatment system and spare parts to CBIPH Group c. Provision of engineering works to CBIPH Group.	686
WISSB and the Group	LCHong, DLCB, LZP, LCH and LCG	Purchase of Palm Oil Mills Spare parts from CBIPH Group.	101

Notes:

The nature of relationship with the above Related Parties as at 31 December 2022 is as follows:

- DLCB is a director and major shareholder of the CBIPH. He is also the director and major shareholder of ENBPOL, ENBTL, TPL, RSB and PWEB.
- LZP is son of DLCB and a director of CBIPH. He has direct interest of 0.98% in CBIPH.
- DLCB, LCH, LCG, LCT and LCHong are siblings.
- LCH is a director of CBIPH and has direct interest of 4.65% in CBIPH.
- LCG is a director of CBIPH Group and has direct interest of 5.47% and indirect interest of 0.21% through the shares held by his spouse in CBIPH.
- LCT is a director and major shareholder of Presspalm and he has direct interest of 1.02% in CBIPH.
- LCHong is a director and major shareholder of WISSB and he has direct interest of 0.66% in CBIPH.
- TYH is a director of CBIPH Group and has direct interest of 1.70% in CBIPH. He is also a director and major shareholder of PWEB.
- LST is daughter of DLCB and sister of LZP, and she has direct interest of 0.48% in CBIPH. She is also a Director of PWEB.

Abbreviations:

CBIPH	- CB Industrial Product Holdings Berhad
CBIPH Group	- Subsidiary(ies) of CB Industrial Product Holdings Berhad
DLCB	- Datuk Lim Chai Beng
ENBPOL	- East New Britain Palm Oil Limited
ENBTL	- ENB Trading Limited
Group	- CBIPH and the subsidiary(ies)
LCG	- Lim Chai Guan
LCH	- Lim Chai Huat
LCHong	- Lim Chye Hong
LCT	- Lim Chai Tiong
LST	- Lim Sim Tong
LZP	- Lim Zee Ping
Presspalm	- Presspalm Engineering Sdn. Bhd.
PWEB	- PW Eco Biotech Sdn. Bhd.
RSB	- Resourcecity Sdn. Bhd.
TPL	- Tzen Plantation Limited
TYH	- Tan Yu Hwa
WISSB	- Wismech Industries Supply Sdn. Bhd.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state affairs of the Company and the Group at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2022, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group which enables them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are also responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2022. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year attributable to:		
- Owners of the Company	(6,104)	16,716
- Non-controlling interests	(6,714)	-
	<u>(12,818)</u>	<u>16,716</u>

DIVIDENDS

During the financial year, the Company paid the following dividend:

	RM'000
Second interim single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2021	9,610
	<u>9,610</u>

On 12 January 2023, the Company declared a first interim single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2022. The dividend was paid on 15 February 2023.

The directors did not propose any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

The Company did not grant any share options during the financial year.

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (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.

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

DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

Directors of the Company

Datuk Lim Chai Beng
Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah
Lim Chai Huat
Lim Zee Ping
Lee Poi Keong
Karpanadevi A/P K R Somasundram
Dato' Dr Suzana Idayu Wati Binti Osman

Directors of subsidiaries (other than directors of the Company)

Chiang Chuen Shin
Dato' Ku Azhar Bin Ku Ahmad
Koo Boon Hoe
Lim Chai Guan
Siti Zawiyah Binti Alias
Tan Boon Hoe
Tan Hock Yew
Tan Yu Hwa
Tengku Ezrique Ezzuddean Bin Tengku Ardy Esfandiari
Ng Ah Teh (Resigned on 3 October 2022)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

Name of Director	Number of Ordinary Shares			Balance at 31.12.2022
	Balance at 1.1.2022	Bought	Sold	
Datuk Lim Chai Beng				
- Direct	143,885,420	7,958,000	-	151,843,420
- Indirect ^{(a)(b)}	33,875,000	4,588,000	-	38,463,000
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah				
- Direct	3,360,000	-	-	3,360,000
Lim Chai Huat				
- Direct	22,222,222	-	-	22,222,222
Lim Zee Ping				
- Direct	4,684,000	-	-	4,684,000

^(a) Deemed interest by virtue of shares held by family members.

^(b) Deemed interest by virtue of shares held by a company in which the director has a substantial financial interest.

By virtue of his shareholdings in the Company, Datuk Lim Chai Beng is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

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

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

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

	Group RM'000	Company RM'000
Directors of the Company:		
Fee	289	239
Other short-term employee benefits	1,963	210
Defined contribution plans	100	-
	<u>2,352</u>	<u>449</u>

The estimated monetary value of benefits received or receivable by certain directors otherwise than in cash from the Group and the Company amounted to approximately RM40,000 and RM2,500 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance of RM5,000,000 for its directors and officers and the insurance costs incurred during the financial year amounted to RM18,000.

SUBSIDIARIES

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT

AUDITORS

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

The auditors' remuneration of the Group and the of the Company for the financial year were RM514,000 and RM85,000 respectively.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2023**

Datuk Lim Chai Beng

Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah

STATEMENT BY DIRECTORS

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

We, Datuk Lim Chai Beng and Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah, being two of the directors of CB Industrial Product Holding Berhad, state that, in the opinion of the directors, the financial statements set out on pages 80 to 164 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2023**

Datuk Lim Chai Beng

**Tengku Dato' Ardy Esfandiari
Bin Tengku A. Hamid Shah**

STATUTORY DECLARATION

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

I, Tan Hock Yew, (MIA membership no.: 11747) being the officer primarily responsible for the financial management of CB Industrial Product Holding Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 164 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Hock Yew, at Klang
in the State of Selangor Darul Ehsan
on this 28 April 2023

Tan Hock Yew

Before me
Datin Tee Hsiao Mei
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CB Industrial Product Holding Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<u>Impairment of investments in associates (Refer to Notes 3 and 7 to the financial statements)</u> The carrying amounts of the Group's investments in its associates, namely Bahtera Bahagia Sdn. Bhd. and Kumpulan Kris Jati Sdn. Bhd. include a significant amount of goodwill. As the carrying amounts of the investments exceed the Group's share of the associates' net assets, there is an indication of impairment. Accordingly, the Group performed impairment tests which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins and discount rate.	Our audit procedures included, among others: • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. • Evaluating the reliability of management's projections through the comparison of actual past financial performances against previous forecasted results. • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. • Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.
<u>Valuation of inventories (Refer to Notes 3 and 11 to the financial statements)</u> The Group carries significant inventories. Management periodically reviews the inventories for potential write-downs by considering their aging profile, estimation of market price fluctuations and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future consumptions, sales and demands.	Our audit procedures included, among others: • Obtaining an understanding of: • the Group's inventory management process; • how the Group identifies and assesses inventory write-downs; and • how the Group ascertains the accounting estimates for inventory write downs. • Reviewing the ageing analysis of inventories and testing the reliability thereof. • Examining the perpetual records for inventories movements and to identify slow moving aged items. • Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories. • Reviewing net realisable value of major inventories. • Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<u>Impairment of receivables (Refer to Notes 3 and 13 to the financial statements)</u> The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecast of future economic conditions.	Our audit procedures included, among others: • Obtaining an understanding of: • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof. • Reviewing the subsequent cash collections for major receivables and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue amounts. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix for expected credit losses assessment. • Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<u>Construction contracts (Refer to Notes 3 and 15 to the financial statements)</u> The recognition of revenue on contracts is based on the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The determination of the construction progress requires the management to exercise significant judgement in estimating the total costs to complete the contracts.	Our audit procedures included, among others: • Reviewed the contract value secured and budgeted costs. • Assessed the estimated total costs to complete through inquiries with the operational and financial personnel of the Group. • Compared budgeted costs to actual results to assess the reasonableness of assumptions used in the budgeted costs. • Performed verification on the actual progress billings issued and actual costs incurred for the financial year. • Performed recomputation on the revenue recognised in corresponding with costs for the contracts during the financial year.

Key Audit Matters - Company Level

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and 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 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 the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and 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 the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER MATTERS

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

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

Shah Alam

28 April 2023

Ong Beng Chooi
03155/05/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	471,474	329,966	953	1,101
Right-of-use assets	5	101,611	94,052	-	-
Investments in subsidiaries	6	-	-	87,567	59,543
Investments in associates	7	87,225	106,153	49,430	49,430
Investments in joint ventures	8	25,832	23,510	20,187	24,211
Investments in club memberships, at cost		350	350	-	-
Other investments	9	54,741	31,007	-	-
Deferred tax assets	10	2,908	1,071	-	-
		<u>744,141</u>	<u>586,109</u>	<u>158,137</u>	<u>134,285</u>
CURRENT ASSETS					
Inventories	11	112,562	66,534	-	-
Biological assets	12	13,770	11,508	-	-
Receivables	13	165,286	250,129	406,782	420,543
Contract costs	14	3,410	11,630	-	-
Contract assets	15	92,345	70,279	-	-
Prepayments	16	1,294	1,175	-	-
Current tax assets		2,911	12,720	-	142
Derivatives	17	-	6,075	-	-
Highly liquid investments	18	9,345	37,266	-	7
Cash and cash equivalents	18	59,991	104,184	930	1,545
		<u>460,914</u>	<u>571,500</u>	<u>407,712</u>	<u>422,237</u>
TOTAL ASSETS		<u>1,205,055</u>	<u>1,157,609</u>	<u>565,849</u>	<u>556,522</u>

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	248,544	248,544	248,544	248,544
Treasury shares	19	(18,719)	(15,059)	(18,719)	(15,059)
Reserves		553,651	572,315	91,569	84,463
Equity attributable to owners of the Company		783,476	805,800	321,394	317,948
Non-controlling interests	20	26,115	33,556	-	-
TOTAL EQUITY		809,591	839,356	321,394	317,948
NON-CURRENT LIABILITIES					
Loans and borrowings	21	117,369	121,212	-	-
Lease liabilities	22	14,985	510	-	-
Retirement benefits	23	7,952	8,325	-	-
Deferred tax liabilities	10	22,448	1,694	-	-
		162,754	131,741	-	-
CURRENT LIABILITIES					
Payables	24	110,000	80,178	222,939	216,952
Contract liabilities	15	78,789	45,344	-	-
Loans and borrowings	21	42,100	49,722	21,265	21,622
Lease liabilities	22	554	402	-	-
Current tax liabilities		1,267	10,866	251	-
		232,710	186,512	244,455	238,574
TOTAL LIABILITIES		395,464	318,253	244,455	238,574
TOTAL EQUITY AND LIABILITIES		1,205,055	1,157,609	565,849	556,522

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	25	881,342	606,038	31,910	73,688
Cost of sales		(781,369)	(493,571)	-	-
Gross profit		99,973	112,467	31,910	73,688
Other income		40,127	21,736	1,566	5,097
Administrative and other operating expenses		(94,357)	(49,882)	(15,288)	(2,484)
Net impairment losses on contract assets and financial assets		(46,636)	(1,418)	-	-
Finance costs		(11,645)	(8,312)	(1,134)	(1,068)
Share of profit of joint ventures		5,014	10,734	-	-
Share of profit of associates		12,182	19,030	-	-
Profit before tax	26	4,658	104,355	17,054	75,233
Tax expense	28	(17,476)	(11,972)	(338)	(20)
(Loss)/Profit for the financial year		(12,818)	92,383	16,716	75,213
Other comprehensive (loss)/income:-					
<i>Items that will not be reclassified to profit or loss:</i>					
- Remeasurement of defined benefit liability		(186)	57	-	-
- Deferred tax effects thereof		45	(107)	-	-
<i>Item that may be reclassified subsequently to profit or loss:</i>					
- Currency translation differences for foreign operations		(5,284)	2,548	-	-
		(5,425)	2,498	-	-
Total comprehensive (loss)/income		(18,243)	94,881	16,716	75,213
(Loss)/Profit for the financial year attributable to:					
- Owners of the Company		(6,104)	86,664	16,716	75,213
- Non-controlling interests		(6,714)	5,719	-	-
		(12,818)	92,383	16,716	75,213
Total comprehensive (loss)/income attributable to:					
- Owners of the Company		(11,002)	89,075	16,716	75,213
- Non-controlling interests		(7,241)	5,806	-	-
		(18,243)	94,881	16,716	75,213
Earnings per share:	29				
- Basic (sen)		(1.20)	17.80		
- Diluted (sen)		(1.20)	17.80		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Non-distributable			Distributable		Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Retained profits RM'000				
Balance at 1 January 2021	248,544	(4,822)	(14,099)	517,442	747,065	71,355	818,420	
Remeasurement of defined benefit liability	-	-	-	(13)	(13)	70	57	
Deferred tax effects thereof	-	-	-	(124)	(124)	17	(107)	
Currency translation differences for foreign operations	-	-	2,548	-	2,548	-	2,548	
Other comprehensive income/(loss) for the financial year	-	-	2,548	(137)	2,411	87	2,498	
Profit for the financial year	-	-	-	86,664	86,664	5,719	92,383	
T total comprehensive income for the financial year	-	-	2,548	86,527	89,075	5,806	94,881	
Purchase of own shares	-	(10,237)	-	-	(10,237)	-	(10,237)	
Dividends to owners of the Company (Note 30)	-	-	-	(19,393)	(19,393)	-	(19,393)	
Dividends to non-controlling interests	-	-	-	-	-	(44,315)	(44,315)	
Equity movement	-	-	-	(710)	(710)	710	-	
T total transactions with owners	-	(10,237)	-	(20,103)	(30,340)	(43,605)	(73,945)	
Balance at 31 December 2021	248,544	(15,059)	(11,551)	583,866	805,800	33,556	839,356	

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Non-distributable		Distributable		Equity		Non-controlling interests	Total equity
	Share capital	Treasury shares	Currency translation reserve	Retained profits	attributable to owners of the Company			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2022	248,544	(15,059)	(11,551)	583,866	805,800	33,556	839,356	
Remeasurement of defined benefit liability	-	-	-	(157)	(157)	(29)	(186)	
Deferred tax effects thereof	-	-	-	37	37	8	45	
Currency translation differences for foreign operations	-	-	(4,778)	-	(4,778)	(506)	(5,284)	
Other comprehensive loss for the financial year	-	-	(4,778)	(120)	(4,898)	(527)	(5,425)	
Loss for the financial year	-	-	-	(6,104)	(6,104)	(6,714)	(12,818)	
T total comprehensive loss for the financial year	-	-	(4,778)	(6,224)	(11,002)	(7,241)	(18,243)	
Purchase of own shares	-	(3,660)	-	-	(3,660)	-	(3,660)	
Dividends to owners of the Company (Note 30)	-	-	-	(9,610)	(9,610)	-	(9,610)	
Dividends to non-controlling interests	-	-	-	-	-	(200)	(200)	
Acquisition of a subsidiary	-	-	-	1,948	1,948	-	1,948	
T total transactions with owners	-	(3,660)	-	(7,662)	(11,322)	(200)	(11,522)	
Balance at 31 December 2022	248,544	(18,719)	(16,329)	569,980	783,476	26,115	809,591	

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	Share capital RM'000	Treasury shares RM'000	Distributable	Total equity RM'000
			Retained profits RM'000	
Balance at 1 January 2021	248,544	(4,822)	28,643	272,365
Profit (representing total comprehensive income) for the financial year	-	-	75,213	75,213
Purchase of own shares	-	(10,237)	-	(10,237)
Dividends (Note 30)	-	-	(19,393)	(19,393)
Total transactions with owners	-	(10,237)	(19,393)	(29,630)
Balance at 31 December 2021	248,544	(15,059)	84,463	317,948
Profit (representing total comprehensive income) for the financial year	-	-	16,716	16,716
Purchase of own shares	-	(3,660)	-	(3,660)
Dividends (Note 30)	-	-	(9,610)	(9,610)
Total transactions with owners	-	(3,660)	(9,610)	(13,270)
Balance at 31 December 2022	248,544	(18,719)	91,569	321,394

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM/(FOR)				
OPERATING ACTIVITIES				
Profit before tax	4,658	104,355	17,054	75,233
Adjustments for:-				
Bad debts written off	554	-	-	-
Bad debts recovered	-	(110)	-	-
Bargain purchase on acquisition of a subsidiary	(21,957)	-	-	-
Depreciation of property, plant and equipment	20,278	21,022	194	185
Depreciation of right-of-use assets	3,545	3,613	-	-
Dividend income	(1,231)	(4,532)	(31,910)	(73,685)
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	9,812	(3)	-	-
Fair value changes in biological assets	(2,770)	(1,549)	-	-
Impairment losses on contract assets	1,275	-	-	-
Impairment losses on receivables	51,480	4,177	-	-
Impairment losses on golf club membership	-	121	-	-
(Decrease)/Increase in defined benefit obligations	(194)	1,857	-	-
Interest expense for financial assets measured at amortised cost	-	5	-	-
Interest expense for financial liabilities measured at amortised cost	11,365	8,042	1,132	1,066
Interest expense for lease liabilities	116	52	-	-
Interest income for financial assets measured at amortised cost	(2,705)	(4,037)	(25)	(23)
Inventories written down	686	90	-	-
Loss on disposal of other investments	710	-	-	-
Loss/(Gain) on disposal of plant and equipment	165	(544)	(80)	-
Loss on derecognition of right-of-use assets	-	68	-	-
Reversal of interest expense for financial assets measured at amortised cost	(1,675)	(1,660)	-	-
Reversal of impairment losses on contract assets	(1,692)	-	-	-
Reversal of impairment losses on receivables	(4,427)	(2,759)	-	-
Reversal of inventories written down	(34)	(19)	-	-
Recovery of tax penalty	(4,197)	-	-	-
Share of profit of associates	(12,182)	(19,030)	-	-
Share of profit of joint ventures	(5,014)	(10,734)	-	-
Unrealised gain on derivatives	-	(241)	-	-
Unrealised loss/(gain) on foreign exchange	12,959	(210)	12,052	(5,002)
Operating profit/(loss) before working capital changes and balance carried forward	59,525	97,974	(1,583)	(2,226)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
Note	RM'000	RM'000	RM'000	RM'000
Balance brought forward	59,525	97,974	(1,583)	(2,226)
Changes in:-				
Contract costs	8,220	(6,926)	-	-
Contract assets/ liabilities	12,796	20,691	-	-
Derivatives	6,075	(4,684)	-	-
Inventories	(46,680)	4,367	-	-
Receivables and prepayments	(18,182)	(8,519)	(356)	37
Payables	(1,683)	(8,593)	(1,130)	1,211
Cash from/(for) operations	20,071	94,310	(3,069)	(978)
Defined contribution paid	(38)	(513)	-	-
Interest paid	(2,637)	(1,345)	(1,132)	(1,066)
Tax refunded	11,384	894	82	-
Tax paid	(26,267)	-	(27)	(30)
Net cash from/(for) operating activities	2,513	93,346	(4,146)	(2,074)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Repayment to a joint venture	-	(436)	-	-
Repayment from subsidiaries	-	-	2,065	35,196
Repayment from related parties	4	73	-	82
Changes in term deposits pledged as security	13,227	3,163	-	-
Dividends received	32,341	4,532	31,910	-
Interest received	2,705	4,037	25	23
Purchase of property, plant and equipment	(44,169)	(35,049)	(46)	(159)
Acquisition of right-of-use assets	(241)	(4,930)	-	-
Purchase of other investments	(32,581)	-	-	-
Proceeds from disposal of property, plant and equipment	1,101	17,957	80	-
Acquisition of a subsidiary	(24,000)	-	(24,000)	-
Net cash (for)/from investing activities	(51,613)	(10,653)	10,034	35,142
Balance carried forward	(49,100)	82,693	5,888	33,068

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance brought forward		(49,100)	82,693	5,888	33,068
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from a director		32,613	-	13,983	-
(Repayment to)/Advances from subsidiaries		-	-	(6,866)	2,918
(Repayment to)/Advances from related parties		(1,931)	5,070	-	-
Dividends paid to owners of the Company	30	(9,610)	(19,393)	(9,610)	(19,393)
Dividends paid to non-controlling interests		(200)	(44,315)	-	-
Drawdown of term loans	31	-	9,518	-	-
Net decrease in short-term loans and borrowings	31	(6,354)	(7,345)	(357)	(5,089)
Purchase of treasury shares		(3,660)	(10,237)	(3,660)	(10,237)
Finance costs paid		(8,844)	(6,749)	-	-
Repayment of lease liabilities	31	(296)	(768)	-	(55)
Repayment of term loans	31	(11,010)	(3,989)	-	-
Net cash for financing activities		(9,292)	(78,208)	(6,510)	(31,856)
Net (decrease)/increase in cash and cash equivalents		(58,392)	4,485	(622)	1,212
Cash and cash equivalents brought forward		128,223	123,890	1,552	340
Currency translation differences		(495)	(152)	-	-
Cash and cash equivalents carried forward	18	69,336	128,223	930	1,552

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are located at No. 1, Jalan Astaka U8/83, Section 8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

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

The following MFRSs became effective for the financial year under review:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: *Reference to the Conceptual Framework*

Amendments to MFRS 116: *Property, Plant and Equipment - Proceeds before Intended Use*

Amendments to MFRS 137: *Onerous Contracts - Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018 - 2020

The initial application of the above amendments did not have any significant impacts on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

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

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:

- (a) The aggregate of:
 - (i) The acquisition-date fair value of the consideration transferred;
 - (ii) The amount of any non-controlling interests; and
 - (iii) In a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) The net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.8. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.8.

Freehold land and capital work-in-progress are not depreciated. Bearer plants, which represent the capitalised costs on new planting and replanting of oil palm, are depreciated on a straight-line basis over the estimated useful life of the oil palm of 20 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	1% - 5%
Plant and machinery	5% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	10% - 20%
Renovation	10% - 20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.4 Investments in Subsidiaries

As required by the Companies Act 2016 in Malaysia, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

2.5 Investments in Associates

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investment is assessed for any objective evidence of impairment. If any such evidence exists, the carrying amount of the investment is tested for impairment in accordance with Note 2.8.

In the separate financial statements of the Company, investments in associates are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investments in Joint Ventures

A joint venture is a joint arrangement whereby the joint venturers that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the joint venturers sharing control.

In the consolidated financial statements, investments in joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investments are assessed for any objective evidence of impairment. If any such evidence exists, the carrying amounts of the investments are tested for impairment in accordance with Note 2.8.

In the separate financial statements of the Company, investments in joint ventures are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

2.7 Investments in Club Memberships

Investments in club memberships are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

2.8 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than deferred tax assets, biological assets stated at fair value less costs of disposal, inventories, contract costs and contract assets, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

2.9 Biological Assets

Biological assets (excluding bearer plants but including the produce growing thereon) and agricultural produce harvested therefrom are measured at fair value less costs of disposal. Any gain or loss arising from initial recognition at or a change in the fair value less costs of disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out basis or weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.11 Contract Costs

The incremental costs of obtaining a contract and costs incurred in fulfilling the contract (other than inventories) are recognised as an asset if those costs are expected to be recovered. The asset is amortised on a systematic basis that is consistent with the recognition of related revenue as disclosed in Note 2.13. When the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for the goods or services less the related costs that have not been recognised as expenses, the excess represents an impairment loss and is recognised in profit or loss. As a practical expedient, the incremental costs of obtaining a short-term contract of which the amortisation period is one year or less are recognised as an expense when incurred.

2.12 Contract Assets and Contract Liabilities

A contract is presented in the statements of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.13. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

2.13 Financial Assets

Financial assets of the Group and the Company consist of other investments, investments in derivatives, receivables and cash and cash equivalents.

Initial Recognition and Measurement

A financial asset is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.18). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial Assets (Cont'd)

Subsequent Measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

(i) Amortised Cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

(ii) Fair Value Through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

(iii) Fair Value Through Profit or Loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All investments in equity instruments and derivatives are classified under this category. Any gain or loss is recognised in profit or loss.

Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial Assets (Cont'd)

Impairment (Cont'd)

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

2.14 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings, and financial guarantee contracts.

Initial Recognition and Measurement

A financial liability is recognised in the statements of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent Measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial Liabilities (Cont'd)

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.15 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Initial Recognition and Measurement

When the Group or the Company acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group and the Company have elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Leases (Cont'd)

Subsequent Measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.8.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end and of its useful life or the end of the lease term as follows:

Leasehold land	24 to 91 years
Land use rights	30 years
Buildings	2 to 5 years
Motor vehicles	5 years

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

As a practical expedient, the Group and the Company have elected not to assess whether a rent concession occurring as a direct consequence of the Covid-19 pandemic is a lease modification. Accordingly, any change in lease payments resulting from such rent concession is accounted for as a variable lease payment in profit or loss.

2.16 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Foreign Currency Transactions and Translation (Cont'd)

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate, whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

2.17 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves. When treasury shares are cancelled, the cost of the shares cancelled is applied in the reduction of distributable reserves and the issued share capital is diminished by the shares so cancelled.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Non-financial Assets

The fair value measurement of the produce growing on bearer plants is determined by using the market approach, which takes into consideration the market prices of fresh fruits bunches ("FFB"), adjusted for the estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell and is categorised within Level 3 of the fair value hierarchy. A reasonable change in the key assumptions would not result in a material impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Fair Value Measurement (Cont'd)

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of quoted investments are directly measured using their unadjusted closing price in active markets (i.e. Level 1).

The fair values of unquoted investments that are not making an adequate return on assets or are making only marginal levels of profits are measured using the adjusted net asset method which involves deriving the fair values of the investees' equity instruments by reference to the fair values of their assets and liabilities (i.e. Level 3).

The fair values of derivatives are determined using quoted price of identical instruments from an active market (i.e. Level 1).

2.19 Revenue from Contracts with Customers

The Group and the Company recognise revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Revenue from Contracts with Customers (Cont'd)

- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

Sale of Goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

Sale of Agricultural Produce

The Group determines that the transfer of control of promised agricultural produce generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of agricultural produce is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

Rendering of Services

The Company determines that the transfer of control of promised services generally coincides with the Company's performance as the customer simultaneously receives and consumes the benefits of the performance as the Company performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed.

Construction Contracts

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Accordingly, revenue from construction contracts is recognised over time during the construction period. The Group measures the progress towards complete satisfaction of the performance obligation using an input method, i.e. costs incurred relative to the total expected costs. The effects of any costs incurred that do not depict the Group's performance are excluded from the calculation.

2.20 Other Income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Other Income (Cont'd)

Interest income is recognised in profit or loss using the effective interest method.

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

2.21 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss, in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss, in the period in which the associated services are rendered by the employee.

Defined Benefit Plans

The Group operates a funded final salary defined benefit plan for their employees. The liability in respect of the defined benefit plan is the present value of the future benefits that employees have earned in return for their services rendered in the current and prior periods. The calculation is performed using the projected unit credit method, with actuarial valuations being carried out with sufficient regularity at an interval of not more than three years such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. All components of defined benefit costs are recognised in profit or loss in the period in which they are incurred, except for remeasurement of the defined benefit liability which is recognised in other comprehensive income.

2.22 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Income Taxes (Cont'd)

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.24 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

Sources of Estimation Uncertainty (Cont'd)

Impairment of non-financial assets

The Group reviewed its non-financial assets for indications of impairment and where such indications exist, the Group performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. Possible changes in these estimates may result in revisions to the carrying amounts of non-financial assets.

Impairment of investments in associates

When there is objective evidence that an investment in associate is impaired, the Group performs impairment test by comparing the recoverable amount of the investment (higher of fair value less costs of disposal and value in use) with its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from its operations and the proceeds from the ultimate disposal of the investment. Such determination of the value in use involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amounts of investments in associates are disclosed in Note 7.

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories as disclosed in Note 11.

Construction contracts

The Group considers the effects of variable consideration in determining the transaction price of a performance obligation satisfied over time, and recognises revenue accordingly by measuring the progress towards complete satisfaction of the performance obligation. These procedures involve judgements and estimation uncertainty in predicting the outcome of the performance obligation based on past experience, work of experts and continuous monitoring mechanism. Any changes in these accounting estimates will affect the carrying amounts of contract assets and contract liabilities as disclosed in Note 15.

Impairment of contract assets and receivables

The Group recognises loss allowance for expected credit losses on contract assets and receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of contract assets (Note 15) and receivables (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.1.2022 RM'000	Additions RM'000	Acquisition of a subsidiary RM'000	Disposals/ Write-offs RM'000	Reclassification RM'000	Transfer RM'000	Depreciation RM'000	Currency translation differences RM'000	At 31.12.2022 RM'000
<u>Carrying Amount</u>									
Freehold land	2,667	-	-	-	-	347	-	-	3,014
Buildings	44,091	459	-	-	319	-	(2,459)	(719)	41,691
Plant and machinery	51,100	3,451	121,114	(1,090)	23,257	-	(6,344)	(1,766)	189,722
Furniture, fittings and office equipment	1,314	211	112	(3)	-	-	(296)	(7)	1,331
Motor vehicles	3,481	861	59	(173)	-	3,207	(791)	(130)	6,514
Renovation	1,361	-	-	-	-	-	(343)	-	1,018
Capital work-in-progress	35,496	5,432	8,986	-	(23,576)	-	-	(581)	25,757
Bearer plants	190,456	31,241	-	-	-	-	(10,045)	(9,225)	202,427
	329,966	41,655	130,271	(1,266)	-	3,554	(20,278)	(12,428)	471,474

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Group	At 1.1.2021 RM'000	Additions RM'000	Disposals/ Write-offs RM'000	Transfer RM'000	Reclassification RM'000	Depreciation RM'000	Currency translation differences RM'000	At 31.12.2021 RM'000
<u>Carrying Amount</u>								
Freehold land	2,667	-	-	-	-	-	-	2,667
Buildings	45,696	503	-	81	74	(2,586)	323	44,091
Plant and machinery	51,641	1,952	(132)	3,212	-	(6,209)	636	51,100
Furniture, fittings and office equipment	1,610	114	(6)	-	-	(408)	4	1,314
Motor vehicles	4,183	433	(114)	-	-	(1,060)	39	3,481
Renovation	1,705	-	-	-	-	(344)	-	1,361
Capital work-in-progress	26,476	12,226	-	(3,317)	(74)	-	185	35,496
Bearer plants	194,519	10,222	(7,562)	-	-	(10,415)	3,692	190,456
	328,497	25,450	(7,814)	(24)	-	(21,022)	4,879	329,966

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Group	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
At 31.12.2022			
Freehold land	3,014	-	3,014
Buildings	55,578	(13,887)	41,691
Plant and machinery	222,046	(32,324)	189,722
Furniture, fittings and office equipment	6,086	(4,755)	1,331
Motor vehicles	18,352	(11,838)	6,514
Renovation	3,580	(2,562)	1,018
Capital work-in-progress	25,757	-	25,757
Bearer plants	247,754	(45,327)	202,427
	<u>582,167</u>	<u>(110,693)</u>	<u>471,474</u>

At 31.12.2021			
Freehold land	2,667	-	2,667
Buildings	55,928	(11,837)	44,091
Plant and machinery	77,052	(25,952)	51,100
Furniture, fittings and office equipment	5,856	(4,542)	1,314
Motor vehicles	13,545	(10,064)	3,481
Renovation	3,580	(2,219)	1,361
Capital work-in-progress	35,496	-	35,496
Bearer plants	227,338	(36,882)	190,456
	<u>421,462</u>	<u>(91,496)</u>	<u>329,966</u>

Company	At 1.1.2022 RM'000	Additions RM'000	Depreciation RM'000	At 31.12.2022 RM'000
<u>Carrying Amount</u>				
Buildings	557	-	(7)	550
Furniture, fittings and office equipment	18	46	(15)	49
Motor vehicle	127	-	(32)	95
Renovation	399	-	(140)	259
	<u>1,101</u>	<u>46</u>	<u>(194)</u>	<u>953</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Company	At 1.1.2021 RM'000	Additions RM'000	Depreciation RM'000	At 31.12.2021 RM'000
<u>Carrying Amount</u>				
Buildings	564	-	(7)	557
Furniture, fittings and office equipment	24	-	(6)	18
Motor vehicle	-	159	(32)	127
Renovation	539	-	(140)	399
	<u>1,127</u>	<u>159</u>	<u>(185)</u>	<u>1,101</u>

	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
At 31.12.2022			
Buildings	655	(105)	550
Furniture, fittings and office equipment	274	(225)	49
Motor vehicle	159	(64)	95
Renovation	996	(737)	259
	<u>2,084</u>	<u>(1,131)</u>	<u>953</u>

At 31.12.2021			
Buildings	655	(98)	557
Furniture, fittings and office equipment	228	(210)	18
Motor vehicle	159	(32)	127
Renovation	996	(597)	399
	<u>2,038</u>	<u>(937)</u>	<u>1,101</u>

The carrying amounts of property, plant and equipment pledged to licensed bank as security for credit facilities granted to the Group as disclosed in Notes 21 to the financial statements are as follows:-

	Group	
	2022 RM'000	2021 RM'000
Freehold land	2,667	2,667
Buildings	<u>5,060</u>	<u>5,113</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. RIGHT-OF-USE ASSETS

Group	At 1.1.2022 RM'000	Additions RM'000	Acquisition of a subsidiary RM'000	Transfer RM'000	Depreciation RM'000	Currency translation differences RM'000	At 31.12.2022 RM'000
<u>Carrying Amount</u>							
Long leasehold land	11,347	-	14,918	-	(229)	-	26,036
Land use rights	81,426	241	-	(347)	(2,791)	(3,002)	75,527
Buildings	83	-	-	-	(35)	-	48
Motor vehicles	1,196	2,514	-	(3,207)	(490)	(13)	-
	94,052	2,755	14,918	(3,554)	(3,545)	(3,015)	101,611
	At 1.1.2021 RM'000	Additions RM'000	Disposal/ Written off RM'000	Transfer RM'000	Depreciation RM'000	Currency translation differences RM'000	At 31.12.2021 RM'000
<u>Carrying Amount</u>							
Long leasehold land	11,577	-	-	-	(229)	(1)	11,347
Land use rights	77,995	4,895	(1)	24	(2,857)	1,370	81,426
Buildings	120	-	-	-	(37)	-	83
Motor vehicles	1,453	287	(67)	-	(490)	13	1,196
	91,145	5,182	(68)	24	(3,613)	1,382	94,052

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Group	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
At 31.12.2022			
Long leasehold land	27,853	(1,817)	26,036
Land use rights	82,570	(7,043)	75,527
Buildings	172	(124)	48
Motor vehicles	-	-	-
	<u>110,595</u>	<u>(8,984)</u>	<u>101,611</u>
At 31.12.2021			
Long leasehold land	12,935	(1,588)	11,347
Land use rights	84,697	(3,271)	81,426
Buildings	172	(89)	83
Motor vehicles	3,914	(2,718)	1,196
	<u>101,718</u>	<u>(7,666)</u>	<u>94,052</u>

The Group acquired the rights to use the long leasehold land as its principal places of business for 30 to 91 years. The rights to use the motor vehicles were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease terms of 1 to 5 years.

The land use rights represent the payment of premium for obtaining the Hak Guna Usaha (lease certificates) of the estate lands from the Indonesian authorities.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	<u>87,567</u>	<u>59,543</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2022 %	2021 %	
Modipalm Engineering Sdn. Bhd.	Malaysia	100	100	Manufacturer of palm oil mill equipment and related spare parts, providing services for engineering support, mechanical fabrication, commissioning and other contracting work for palm oil mills.
AVP Engineering (M) Sdn. Bhd. ("AVPSB") ^(b)	Malaysia	49	49	Retrofitting special purpose vehicles.
Advance Boilers Sdn. Bhd.	Malaysia	100	100	Manufacturing and servicing boilers.
PalmitEco Engineering Sdn. Bhd.	Malaysia	100	100	Manufacturer of palm oil mill equipment and related spare parts, providing services for engineering support, mechanical fabrication, commissioning and other contracting work for palm oil mills.
Avecpalm Marketing Resources Sdn. Bhd.	Malaysia	80	80	Trading in palm oil mill processing equipment.
Admiral Potential Sdn. Bhd. ("APSB")	Malaysia	100	100	Investment holding.
AV-Ecopalms Sdn. Bhd. ("AVESB")	Malaysia	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2022 %	2021 %	
Accent Hectares Sdn. Bhd.	Malaysia	100	100	Investment holding.
Benar Optima Sdn. Bhd.	Malaysia	100	100	Investment holding.
C.B. Industrial Product Sdn. Bhd. ("CBIPSB")	Malaysia	100	100	Investment holding.
Great Enchant Sdn. Bhd.	Malaysia	100	100	Inactive.
Midas Portfolio Sdn. Bhd.	Malaysia	100	100	Investment holding.
Steam-Mech Engineering Sdn. Bhd. ("SMESB")	Malaysia	100	100	Investment holding.
Magview Machinery Sdn. Bhd.	Malaysia	100	100	Inactive.
Palmito Process Engineering Sdn. Bhd.	Malaysia	100	100	Inactive.
TPG Oil & Gas Sdn. Bhd.	Malaysia	100	100	Trading and processing of crude palm oil and related products.
Modipalm Engineering Solutions Sdn. Bhd.	Malaysia	70	70	Providing technical and other services for palm oil and related industries.
Gulf Lubes Malaysia Sdn. Bhd. ("GLM")	Malaysia	100	-	Owner of a bio-diesel refinery.
<u>Subsidiaries of CBIPSB</u>				
PT CB Polaindo ^(a)	Indonesia	70	70	Providing engineering support and contracting works for palm oil mills.
CBIP (PNG) Limited ^(a)	Papua New Guinea	100	100	Providing engineering support and contracting works for palm oil mills.
Modipalma Latin America ^(a)	Republic of Guatemala	99.6	99.6	Supply and sale of spare parts for palm oil mills.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2022 %	2021 %	
<u>Subsidiaries of AVPSB</u>				
TPG Aeronautik Sdn. Bhd.	Malaysia	49	49	Design, fabricate, supply, procure, maintain and service aviation related equipment.
AVP EMDigital (M) Sdn. Bhd.	Malaysia	46.7	46.7	Inactive.
<u>Subsidiary of SMESB</u>				
PT Sawit Lamandau Raya ^(a)	Indonesia	85	85	Cultivation of oil palm.
<u>Subsidiary of APSB</u>				
PT Jaya Jadi Utama ^(a)	Indonesia	94	94	Cultivation of oil palm.
<u>Subsidiaries of AVESB</u>				
PT Berkala Maju Bersama ^(a)	Indonesia	94	94	Cultivation of oil palm.
PT CBI Ecopalms Group ^(a)	Indonesia	95	95	Inactive.

^(a) Not audited by Crowe Malaysia PLT.

^(b) Although the Group owns less than half of the voting power in AVPSB, the directors have determined that the Group has de facto control over AVPSB on the basis that the remaining voting rights in this investee are dispersed and that there is no indication that all the other shareholders have the intention to exercise their votes collectively. The Board of Directors of CBIPH assess and determine that CBIPH has the right to control relevant activities and is able to direct the rate of variable returns from its investee.

Acquisition Of A Subsidiary

On 3 May 2019, the Company and its wholly-owned subsidiary, TPG Oil & Gas Sdn. Bhd. have acquired 63,670,000 ordinary shares and 6,330,000 ordinary shares respectively in GLM, representing a total of 70% equity interest in GLM for a total consideration of RM4,024,000. However, the Group failed to exercise control over GLM due to a restrictive term in the Share Sale Agreement, which required an unanimous consent from all shareholders.

Subsequently, on 11 March 2022, the Company entered into a share sale agreement to acquire remaining 30,000,000 ordinary shares, which representing 30% equity interest in GLM for a total cash consideration of RM24,000,000.

The acquisition was completed on 9 June 2022 which gave rise to a bargain purchase of totalling RM21,957,477.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Acquisition Of A Subsidiary (Cont'd)

The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	GLM RM'000
Property, plant and equipment	130,271
Right-of-use assets	14,918
Trade receivables	3
Other receivables	437
Cash and cash equivalents	213
Lease liabilities	(15,028)
Deferred tax liability	(20,775)
Trade payables	(689)
Other payables	(1,134)
Amount due to related companies	(58,235)
Net assets acquired	49,981
Fair value of cash consideration transferred	(28,024)
Bargain purchase	21,957

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	49,430	49,430	49,430	49,430
Share of post-acquisition changes in net assets	56,741	75,669	-	-
Accumulated impairment losses	(18,946)	(18,946)	-	-
	87,225	106,153	49,430	49,430

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of the associates are as follows:-

Name of Associate	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2022 %	2021 %	
Bahtera Bahagia Sdn. Bhd. ("BBSB") ^(a)	Malaysia	30	30	Cultivation of oil palm.
Kumpulan Kris Jati Sdn. Bhd. ("KKJSB") ^(a)	Malaysia	30	30	Cultivation of oil palm and production of crude palm oil and palm kernel.

^(a) Not audited by Crowe Malaysia PLT.

The summarised financial information of the associates is as follows:-

Group	2022			2021
	BBSB RM'000	KKJSB RM'000	Total RM'000	Total RM'000
Non-current assets	32,610	178,280	210,890	217,894
Current assets	46,963	72,344	119,307	178,517
Non-current liabilities	(7,027)	(90,250)	(97,277)	(116,557)
Current liabilities	(4,891)	(49,382)	(54,273)	(38,112)
Net assets	67,655	110,992	178,647	241,742
Revenue	41,047	162,605	203,652	177,926
Profit (representing total comprehensive income) for the financial year	11,753	28,853	40,606	63,431

The reconciliation of the above summarised financial information to the carrying amounts of the investments in associates is as follows:-

Group	2022			2021
	BBSB RM'000	KKJSB RM'000	Total RM'000	Total RM'000
Net assets	67,655	110,992	178,647	241,742
Effective ownership interest	30%	30%	30%	30%
Share of net assets	20,297	33,298	53,595	72,523
Goodwill	25,642	26,934	52,576	52,576
Accumulated impairment losses	(3,946)	(15,000)	(18,946)	(18,946)
Carrying amount	41,993	45,232	87,225	106,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	20,187	24,211	20,187	24,211
Share of post-acquisition changes in net assets	5,645	(701)	-	-
	<u>25,832</u>	<u>23,510</u>	<u>20,187</u>	<u>24,211</u>

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2022 %	2021 %	
Pride Palm Oil Mill Sdn. Bhd. ("PPOM") ^(a)	Malaysia	50	50	Investment holding.
Gulf Lubes Malaysia Sdn. Bhd. ("GLM")	Malaysia	-	70	Business of trading, import & export crude oil and associated oil and owner of a bio-diesel refinery.
<u>Subsidiary of PPOM</u>				
Solar Green Sdn. Bhd. ^(a)	Malaysia	50	50	Cultivation of oil palm.

^(a) Not audited by Crowe Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

The summarised financial information of the joint ventures is as follows:-

Group	2022	2021
	PPOM RM'000	Total RM'000
Non-current assets	49,020	226,498
Current assets	13,241	19,681
Cash and cash equivalents	6,359	7,791
Non-current liabilities	(1,010)	(34,912)
Current financial liabilities	(1,414)	(56,999)
Current liabilities	(6,861)	(80,626)
Net assets	54,390	130,641
Revenue	44,632	51,028
Depreciation and amortisation	(8,252)	(7,196)
Interest expense	(564)	(1,325)
Profit (representing total comprehensive income) for the financial year	10,028	21,465

The reconciliation of the above summarised financial information to the carrying amounts of the investments in joint ventures is as follows:-

Group	2022	2021
	PPOM RM'000	Total RM'000
Net assets	54,390	130,641
Effective ownership interest	50%	63%
Share of net assets	27,195	82,575
Gain on bargain purchase	(1,363)	(59,065)
Carrying amount	25,832	23,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. OTHER INVESTMENTS

	Group	
	2022 RM'000	2021 RM'000
Quoted investments, at fair value		
- in Malaysia	7,727	25
- outside Malaysia	43,189	-
	50,916	25
Unquoted investments		
- at fair value, in Malaysia	879	-
- at fair value, outside Malaysia	-	3,711
- at amortised cost	2,946	27,271
	3,825	30,982
	54,741	31,007

The fair values of quoted investments were directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of unquoted investments were measured using the adjusted net asset method which involved deriving the fair values of the investees' equity instruments by reference to the fair values of their assets and liabilities (i.e. Level 3).

10. DEFERRED TAX ASSETS/LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Balance at 1 January	(623)	(28)
Deferred tax income/(expense) recognised in:		
- Profit or loss (Note 28)	8,138	(342)
- Other comprehensive income	45	(107)
Acquisition of a subsidiary	(20,775)	-
Deferred tax liabilities under provided in prior years	(6,369)	-
Deferred tax assets over provided in prior years	-	(139)
Currency translation differences	44	(7)
Balance at 31 December	(19,540)	(623)
Disclosed as:		
- Deferred tax assets	2,908	1,071
- Deferred tax liabilities	(22,448)	(1,694)
	(19,540)	(623)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

	Group	
	2022	2021
	RM'000	RM'000
In respect of:		
- Deductible/(Taxable) temporary differences of:		
- Financial instruments	3,584	202
- Property, plant and equipment	(21,957)	(1,346)
- Produce growing on bearer plants	(3,029)	(2,415)
- Right-of-use assets	-	(22)
- Retirement benefits	1,572	1,638
- Lease liabilities	15	(2)
- Other	29	50
- Unutilised capital allowances	-	208
- Unutilised tax losses	246	1,064
	<u>(19,540)</u>	<u>(623)</u>

Save as disclosed above, as at 31 December 2022, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM3,354,000 (2021 - Nil). No further deferred tax assets have been recognised for the following deductible temporary differences, unutilised tax losses and unutilised capital allowances which relates to subsidiaries that are not expected to report a profit in the foreseeable future. The details are appended below:-

	Group	
	2022	2021
	RM'000	RM'000
(Taxable)/Deductible temporary differences of:		
- Financial instruments	(198)	(183)
- Property, plant and equipment	(3,156)	20,649
Unutilised tax losses	101,731	59,766
Unutilised capital allowances	10,348	26
	<u>108,725</u>	<u>80,258</u>

The unutilised tax losses of RM101,731,000 (2021 - RM59,766,000) will expire in the following financial years:

	Group	
	2022	2021
	RM'000	RM'000
Financial years:-		
Expiring not more than five years	37,685	39,123
Expiring not more than ten years	64,046	20,643
	<u>101,731</u>	<u>59,766</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset against taxable profits of other subsidiaries within the Group and they have arisen in subsidiaries that have recent history of losses, thus it is not probable that taxable profits of these subsidiaries will be available against which the deferred tax assets can be utilised.

Based on the current legislation, the unutilised tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unutilised tax losses for year 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately follow that year of assessment while the deductible temporary differences and unutilised capital allowances have no expiry date.

11. INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
At cost / net realisable value :-		
Raw materials	75,638	38,014
Work-in-progress	284	284
Finished goods	31,544	26,978
Stock in transit	1,660	-
Estate stores	3,436	1,258
	<u>112,562</u>	<u>66,534</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	610,778	368,185
Amount written down to net realisable value	686	90
Reversal of inventories previously written down	<u>(34)</u>	<u>(19)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. BIOLOGICAL ASSETS

	Group	
	2022 RM'000	2021 RM'000
Balance at 1 January	11,508	9,783
Changes in fair value	2,770	1,549
Currency translation differences	(508)	176
Balance at 31 December	13,770	11,508

The fair value measurement of the produce growing on bearer plants is determined by using the market approach, which takes into consideration the market prices of fresh fruits bunches ("FFB"), adjusted for the estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell and is categorised within Level 3 of the fair value hierarchy. A reasonable change in the key assumptions would not result in a material impact to the financial statements.

13. RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables:				
- Related parties ^(a)	3,504	1,461	-	-
- Unrelated parties	131,332	138,386	-	-
	134,836	139,847	-	-
- Accumulated impairment losses	(47,824)	(24,969)	-	-
	87,012	114,878	-	-
Other receivables:				
- Subsidiaries	-	-	405,207	410,843
- Related parties ^(a)	1,485	1,489	1,218	1,218
- Joint venture	-	50,977	-	8,481
- Unrelated parties	66,123	42,378	357	1
	67,608	94,844	406,782	420,543
- Accumulated impairment losses	(24,683)	(485)	-	-
	42,925	94,359	406,782	420,543
Dividend receivables	-	3,314	-	-
Plasma receivables	35,349	37,578	-	-
	78,274	135,251	406,782	420,543
Total receivables	165,286	250,129	406,782	420,543

^(a) Being companies in which a director of the Company has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. RECEIVABLES (CONT'D)

The currency profile of receivables is as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Euro	31	273	-	-
Guatemala Quetzals	686	278	-	-
Indonesian Rupiah	97,272	85,092	295,125	305,476
Kina	928	1,175	-	-
United States Dollar	25,534	35,452	-	-
Ringgit Malaysia	40,835	127,859	111,657	115,067
	<u>165,286</u>	<u>250,129</u>	<u>406,782</u>	<u>420,543</u>

Trade Receivables

Included in trade receivables are retention sums for contract work totalling RM6,113,000 (2021 - RM15,709,000).

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2022, the Group did not have any major credit risk concentration relating to any individual customer or counterparty. The credit risk concentration profile by geographical areas of trade receivables (stated at gross) is as follows:-

	2022	2021
	RM'000	RM'000
Africa	5,405	5,078
Central America	4,633	3,499
Indonesia	77,374	63,524
Malaysia	18,718	47,966
Papua New Guinea	12,508	10,480
Liberia	7,695	173
Others	8,503	9,127
	<u>134,836</u>	<u>139,847</u>

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 days terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status (stated at gross) is as follows:-

	2022 RM'000	2021 RM'000
Not past due	60,106	55,940
1 to 30 days past due	15,935	15,697
31 to 90 days past due	11,214	7,881
More than 90 days past due	47,581	60,329
	<u>134,836</u>	<u>139,847</u>

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

	Not past due RM'000	1 to 30 days past due RM'000	31 to 90 days past due RM'000	More than 90 days past due RM'000	Credit- impaired RM'000	Total RM'000
As at 31 December 2022						
Gross carrying amount	60,106	15,935	11,214	20,504	27,077	134,836
Average credit loss rate	2.8%	11.5%	5.9%	80.9%	100%	35.5%
Loss allowance	1,663	1,840	661	16,583	27,077	47,824
As at 31 December 2021						
Gross carrying amount	55,940	15,697	7,881	39,162	21,167	139,847
Average credit loss rate	0.7%	4.5%	5.0%	6.0%	100%	17.9%
Loss allowance	366	704	397	2,335	21,167	24,969

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

The average credit loss rates were based on the payment profile of revenue over a period of 12 months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The changes in the accumulated impairment losses are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Balance at 1 January	24,969	23,551
Impairment losses	27,282	4,177
Impairment gains	(4,427)	(2,759)
Balance at 31 December	<u>47,824</u>	<u>24,969</u>

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts due from subsidiaries are repayable on demand. The amounts owing by other related and unrelated parties mainly consist of advances which have no fixed repayment terms.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses.

The changes in the accumulated impairment losses are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Balance at 1 January	485	485
Impairment losses	24,198	-
Balance at 31 December	<u>24,683</u>	<u>485</u>

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulty and has defaulted on payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. RECEIVABLES (CONT'D)

Plasma Receivables

In accordance with the policy of the Government of the Republic of Indonesia ("Government"), companies involved in plantation developments are required to provide support to develop and cultivate palm oil lands for local communities as part of their social obligation which is known as "Plasma" schemes.

In line with this requirement, the Group's subsidiaries in Indonesia participated in several plasma cooperative programs for the development and cultivation of oil palm plantation land for the local communities. The Group's subsidiaries manage the plasma plantation activities and purchase the plantation produce arising therefrom at prices determined by the Government. Advances made by the Group's subsidiaries to the plasma schemes in the form of plantation development costs are recoverable either through bank loans obtained by the plasma cooperatives or direct repayments from the cooperatives when these plasma designated areas mature and are ready for harvest. Impairment losses are made when the estimated recoverable amounts are less than the outstanding advances.

14. CONTRACT COSTS

	Group	
	2022	2021
	RM'000	RM'000
Costs in fulfilling contracts	3,410	11,630

15. CONTRACT ASSETS/LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
Contract Assets		
Construction contracts (Note (i))	92,345	70,279
Contract Liabilities		
Construction contracts (Note (i))	70,642	34,641
Sale of goods (Note (ii))	8,147	10,703
	78,789	45,344

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. CONTRACT ASSETS/LIABILITIES (CONT'D)

(i) Contract Assets and Contract Liabilities from Construction Contracts

	Group	
	2022	2021
	RM'000	RM'000
Balance at 1 January	35,638	52,895
Revenue recognised during the financial year	247,325	204,217
Progress billings during the financial year	(260,260)	(221,803)
Currency translation differences	(1,000)	329
Balance at 31 December	21,703	35,638
Disclosed as:		
- Contract assets relating to construction contracts	92,345	70,279
- Contract liabilities relating to construction contracts	(70,642)	(34,641)
	21,703	35,638

As disclosed in Note 2.19, the Group generally satisfies its performance obligations over time during the construction period. Any excess of revenue recognised over progress billings is presented as contract asset, whereas any deficit is presented as contract liability.

The Group measures the loss allowance for contract assets at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of contract assets based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

	Group	
	2022	2021
	RM'000	RM'000
Gross carrying amount - not past due	96,253	74,604
Average credit loss rate	4.06%	5.80%
Accumulated impairment losses	3,908	4,325

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. CONTRACT ASSETS/LIABILITIES (CONT'D)

(i) Contract Assets and Contract Liabilities from Construction Contracts (Cont'd)

The changes in the accumulated impairment losses are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Balance at 1 January	4,325	4,325
Impairment losses	1,275	-
Reversal of impairment losses	(1,692)	-
Balance at 31 December	<u>3,908</u>	<u>4,325</u>

Remaining Performance Obligations

As at 31 December 2022, the aggregate transaction price allocated to the remaining performance obligations amounted to approximately RM168,888,000 (2021 - RM123,728,000) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 4 (2021 - 1 to 4) years.

(ii) Contract Liabilities from Sale of Goods

	Group	
	2022	2021
	RM'000	RM'000
Balance at 1 January	10,703	6,940
Revenue recognised from opening contract liabilities	(10,703)	(6,940)
Excess of consideration over revenue recognised	8,147	10,703
Balance at 31 December	<u>8,147</u>	<u>10,703</u>

As disclosed in Note 2.19, the Group generally satisfies its performance obligations at a point in time upon delivery of goods. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. PREPAYMENTS

Included an amount of RM1,294,000 (2021 - RM1,169,000) in prepayment is advance payments to suppliers which are unsecured, non-interest bearing and will be offset against future purchases.

17. DERIVATIVES

	Group	
	2022 RM'000	2021 RM'000
Palm oil future contracts, at fair value	-	6,075

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Highly liquid investments in money market funds	9,345	37,266	-	7
Term deposits with licensed banks (fixed rate)	4,474	13,487	-	-
Cash and bank balances	55,517	90,697	930	1,545
	<u>69,336</u>	<u>141,450</u>	<u>930</u>	<u>1,552</u>

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

Certain term deposits of the Group totalling Nil (2021 - RM13,227,000) have been pledged as security for credit facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits as at 31 December 2022 ranged from 2.50% to 5% (2021 - 1.35% to 1.60%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. CASH AND CASH EQUIVALENTS (CONT'D)

The currency profile of cash and cash equivalents is as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Euro	871	168	-	-
Guatemala Quetzals	452	24	-	-
Indonesian Rupiah	8,307	22,034	-	-
Kina	4,453	12,757	-	-
United States Dollar	9,676	29,474	-	-
Ringgit Malaysia	45,577	76,993	930	1,552
	<u>69,336</u>	<u>141,450</u>	<u>930</u>	<u>1,552</u>

For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	69,336	141,450	930	1,552
Term deposits pledged as security	-	(13,227)	-	-
	<u>69,336</u>	<u>128,223</u>	<u>930</u>	<u>1,552</u>

19. SHARE CAPITAL

	Group/Company	
	2022	2021
	RM'000	RM'000
<u>Issued and Fully Paid</u>		
493,249 ordinary shares with no par value	<u>248,544</u>	<u>248,544</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. SHARE CAPITAL (CONT'D)

Treasury Shares

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 30 May 2022, approved the Company's plan to purchase its own shares. The directors are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

Group/Company	2022		2021	
	No. of Ordinary Shares '000	Cost RM'000	No. of Ordinary Shares '000	Cost RM'000
Balance at 1 January	12,609	15,059	3,896	4,822
Shares purchased	2,686	3,660	8,713	10,237
Balance at 31 December	15,295	18,719	12,609	15,059
Average unit cost for the year (RM)		1.22		1.19

The number of outstanding shares in issue after excluding the treasury shares is as follows:-

	2022	2021
	No. of Ordinary Shares '000	No. of Ordinary Shares '000
Balance at 1 January	480,640	489,353
Shares purchased	(2,686)	(8,713)
Balance at 31 December	477,954	480,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. NON-CONTROLLING INTERESTS ("NCI")

Group	Accumulated NCI		(Loss)/Profit allocated to NCI	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Avecpalm Marketing Resources Sdn. Bhd.	(151)	142	(93)	143
AVP Engineering (M) Sdn. Bhd.	11,813	16,764	(4,951)	1,110
TPG Aeronautik Sdn. Bhd.	3,198	7,264	(4,066)	544
AVP EMDigital (M) Sdn. Bhd.	(2,147)	(2,144)	(3)	(3)
PT CB Polaindo	15,976	15,597	1,008	2,710
PT Sawit Lamandau Raya	(1,333)	(2,779)	1,393	1,339
PT Jaya Jadi Utama	233	546	(205)	(97)
PT Berkala Maju Bersama	(1,395)	(1,750)	198	(11)
Modipalma Latin America	2	-	2	1
Modipalm Engineering Solutions Sdn. Bhd.	(81)	(84)	3	(17)
	<u>26,115</u>	<u>33,556</u>	<u>(6,714)</u>	<u>5,719</u>

The details of the subsidiaries that have NCI are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest Held by NCI		Principal Activity
		2022 %	2021 %	
Avecpalm Marketing Resources Sdn. Bhd.	Malaysia	20	20	Trading in palm oil mill processing equipment.
Modipalm Engineering Solutions Sdn. Bhd.	Malaysia	30	30	Providing technical and other services for palm oil and related industries.
AVP Engineering (M) Sdn. Bhd. ("AVPSB")	Malaysia	51	51	Retrofitting special purpose vehicles.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. NON-CONTROLLING INTERESTS ("NCI") (CONT'D)

The details of the subsidiaries that have NCI are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest Held by NCI		Principal Activity
		2022 %	2021 %	
<u>Subsidiaries of CBIPSB</u>				
PT CB Polaindo ^(a)	Indonesia	30	30	Providing engineering support and contracting works for palm oil mills.
Modipalma Latin America ^(a)	Republic of Guatemala	0.4	0.4	Supply and sale of spare parts for palm oil mills.
<u>Subsidiaries of AVPSB</u>				
TPG Aeronautik Sdn. Bhd.	Malaysia	51	51	Design, fabricate, supply, procure, maintain and service aviation related equipment.
AVP EMDigital (M) Sdn. Bhd.	Malaysia	53.3	53.3	Inactive.
<u>Subsidiary of SMESB</u>				
PT Sawit Lamandau Raya ^(a)	Indonesia	15	15	Cultivation of oil palm.
<u>Subsidiary of APSB</u>				
PT Jaya Jadi Utama ^(a)	Indonesia	6	6	Cultivation of oil palm.
<u>Subsidiaries of AVESB</u>				
PT Berkala Maju Bersama ^(a)	Indonesia	6	6	Cultivation of oil palm.
PT CBI Ecopalms Group ^(a)	Indonesia	5	5	Inactive.
^(a) Not audited by Crowe Malaysia PLT.				

^(a) Not audited by Crowe Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. NON-CONTROLLING INTERESTS ("NCI") (CONT'D)

The summarised financial information (before inter-company eliminations) of the above subsidiaries with non-controlling interests that are material to the Group is as follows:-

	2022 RM'000	2021 RM'000
Non-current assets	412,274	433,258
Current assets	228,425	204,833
Non-current liabilities	(127,303)	(149,372)
Current liabilities	(458,164)	(425,031)
Net assets	55,232	63,688
Dividends paid to non-controlling interests	(200)	(44,315)
Revenue for the financial year	254,521	238,720
(Loss)/Profit (representing total comprehensive (loss)/income) for the financial year	(5,131)	20,316
Net cash from/(for) operating activities	50,119	(8,347)
Net cash (for)/from investing activities	(26,783)	10,710
Net cash for financing activities	(24,531)	(44,331)
Net decrease in cash and cash equivalents	<u>(1,195)</u>	<u>(41,968)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. LOANS AND BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Secured</u>				
Term loans (floating rate)	135,630	140,741	-	-
Revolving credits (fixed rate)	21,265	21,622	21,265	21,622
Banker acceptances (fixed rate)	564	8,571	-	-
Foreign currency trade finance (fixed rate)	2,010	-	-	-
	<u>159,469</u>	<u>170,934</u>	<u>21,265</u>	<u>21,622</u>
 Disclosed as:				
- Current liabilities	42,100	49,722	21,265	21,622
- Non-current liabilities	117,369	121,212	-	-
	<u>159,469</u>	<u>170,934</u>	<u>21,265</u>	<u>21,622</u>

The currency profile of loans and borrowings is as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Indonesian Rupiah	16,685	21,162	-	-
Ringgit Malaysia	25,676	34,822	21,265	21,622
United States Dollar	117,108	114,950	-	-
	<u>159,469</u>	<u>170,934</u>	<u>21,265</u>	<u>21,622</u>

Term loans are secured against certain property, plant and equipment (Note 4) and right-of-use assets (Note 5).

The effective interest rates of loans and borrowings as at 31 December 2022 ranged from 4.49% to 10.50% (2021 - 2.30% to 10.25%) per annum.

Except for term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. LOANS AND BORROWINGS (CONT'D)

Term Loans

Term loans are repayable over 3 to 8 years. The repayment analysis is as follows:-

	Group	
	2022 RM'000	2021 RM'000
Gross loan instalments:		
- Within 1 year	18,517	21,620
- Later than 1 year and not later than 2 years	39,924	21,262
- Later than 2 years and not later than 5 years	98,343	68,193
- Later than 5 years	36,701	44,432
Total contractual undiscounted cash flows	193,485	155,507
Future finance charges	(57,855)	(14,766)
Present value of term loans:		
- Within 1 year	2,792	19,529
- Later than 1 year and not later than 2 years	5,330	19,229
- Later than 2 years and not later than 5 years	84,178	61,840
- Later than 5 years	43,330	40,143
	135,630	140,741

The fair values of term loans are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

22. LEASE LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Gross lease liabilities:		
- Within 1 year	1,250	462
- Later than 1 year and not later than 2 years	1,242	249
- Later than 2 years and not later than 5 years	4,133	200
- Later than 5 years	19,320	99
Total contractual undiscounted cash flows	25,945	1,010
Future finance charges	(10,406)	(98)
Present value of lease liabilities	15,539	912

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. LEASE LIABILITIES (CONT'D)

	Group	
	2022	2021
	RM'000	RM'000
Disclosed as:		
- Current liabilities	554	402
- Non-current liabilities	14,985	510
	<u>15,539</u>	<u>912</u>

The currency profile of lease liabilities is as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Indonesian Rupiah	71	332
Ringgit Malaysia	15,407	484
Guatemala Quetzals	61	96
	<u>15,539</u>	<u>912</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2022 ranged from 2.41% to 6.57% (2021 - 2.28% to 10.18%) per annum.

23. RETIREMENT BENEFITS

The amounts recognised in the statements of financial position are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
<u>Non-current:-</u>		
Present value of defined benefit obligations:-		
Balance at 1 January	8,325	6,912
Defined benefit costs	(194)	1,857
Contributions paid	(38)	(513)
Actuarial loss/(gain) recognised in other comprehensive income	186	(57)
Currency translation differences	(327)	126
Balance at 31 December	<u>7,952</u>	<u>8,325</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. RETIREMENT BENEFITS (CONT'D)

The components of defined benefit obligations are as follows:-

	Group	
	2022	2021
	RM'000	RM'000
Current service cost	1,210	1,543
Interest expense	478	327
Past service cost	(1,882)	(13)
Remeasurements adjustment of defined benefit obligations:		
- Actuarial gain arising from changes in financial assumptions	399	(202)
- Experience adjustments	(213)	145
	<u>(8)</u>	<u>1,800</u>

The principal actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:-

	Group	
	2022	2021
	%	%
Discount rates	6.54	6.39
	to 7.26	to 7.14
Future salary growth	<u>7 to 10</u>	<u>7 to 10</u>

The following table demonstrates the sensitivity of the defined benefit obligations to changes in each principal actuarial assumption that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Decrease)/Increase in defined benefit obligations	
	2022	2021
	RM'000	RM'000
Increase in discount rates by 1%	(7,335)	(6,947)
Decrease in discount rates by 1%	8,659	8,478
Increase in future salary growth by 1%	8,637	8,448
Decrease in future salary growth by 1%	<u>(7,342)</u>	<u>(6,957)</u>

The remaining duration of the defined benefit obligations ranged from 7 to 19 years (2021 - 7 to 19 years) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade payables:				
- Related parties ^(a)	229	354	-	-
- Unrelated parties	37,914	42,858	-	-
	38,143	43,212	-	-
Other payables:				
- Related parties ^(a)	3,504	5,310	200	200
- Subsidiaries	-	-	206,924	213,790
- Director	32,613	-	13,983	-
- Unrelated parties	35,740	31,656	1,832	2,962
	71,857	36,966	222,939	216,952
	110,000	80,178	222,939	216,952

^(a) Being companies in which certain directors of the Company and their close family members have substantial financial interests.

The currency profile of payables is as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Indonesian Rupiah	20,198	50,790	2,424	3,723
Kina	1,876	96	-	-
Ringgit Malaysia	82,894	20,686	220,515	213,229
United States Dollar	3,659	8,287	-	-
Others	1,373	319	-	-
	110,000	80,178	222,939	216,952

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 120 days terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amounts owing to subsidiaries and director are repayable on demand. The amounts owing to other related parties and unrelated parties mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. PAYABLES (CONT'D)

Amount Owning To A Director

The amount owing to a director represent an advances received from director for acquisition of remaining equity interest in Gulf Lubes Malaysia Sdn. Bhd. and working capital purpose. This amount is unsecured, interest bearing at 4% per annum and repayable on demand.

25. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
- Sale of goods	486,452	253,096	-	-
- Sale of agricultural produce	147,028	146,799	-	-
- Rendering of services	537	1,926	-	3
- Construction contracts (Note 15)	247,325	204,217	-	-
Other source of revenue:				
- Dividend income	-	-	31,910	73,685
	<u>881,342</u>	<u>606,038</u>	<u>31,910</u>	<u>73,688</u>

Disaggregation of revenue from contracts with customers

Group	Operating segments (Note 33)				Total
	Refinery	Plantation and milling	Equipment and engineering	Special purpose vehicles	
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
Major products/services:					
- Construction of palm oil mills	-	-	159,369	-	159,369
- Trading of palm oil equipments	-	-	81,012	-	81,012
- Sale of fresh fruit bunches	-	147,028	-	-	147,028
- Trading and processing of crude palm oil and related products	404,793	-	-	-	404,793
- Manufacturing, installation and repair of bio-energy systems	-	-	43,041	-	43,041
- Rendering of services	-	-	-	448	448
- Retrofitting of special purpose vehicles	-	-	-	45,651	45,651
	<u>404,793</u>	<u>147,028</u>	<u>283,422</u>	<u>46,099</u>	<u>881,342</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers (Cont'd)

Group	Operating segments (Note 33)				Total
	Refinery	Plantation and milling	Equipment and engineering	Special purpose vehicles	
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
Geographical areas:					
- Malaysia	82,346	-	66,707	46,099	195,152
- Indonesia	-	147,028	160,185	-	307,213
- Papua New Guinea	-	-	14,742	-	14,742
- Central America	-	-	11,962	-	11,962
- Africa	-	-	6,859	-	6,859
- Liberia	-	-	13,514	-	13,514
- Thailand	-	-	3,831	-	3,831
- China	84,535	-	-	-	84,535
- Singapore	237,601	-	-	-	237,601
- Others	311	-	5,622	-	5,933
	<u>404,793</u>	<u>147,028</u>	<u>283,422</u>	<u>46,099</u>	<u>881,342</u>
Timing of revenue recognition:					
- Over time	-	-	201,763	45,651	247,414
- At a point in time	404,793	147,028	81,659	448	633,928
	<u>404,793</u>	<u>147,028</u>	<u>283,422</u>	<u>46,099</u>	<u>881,342</u>

Group	Operating segments (Note 33)				Total
	Refinery	Plantation and milling	Equipment and engineering	Special purpose vehicles	
	RM'000	RM'000	RM'000	RM'000	RM'000
2021					
Major products/services:					
- Construction of palm oil mills	-	-	162,048	-	162,048
- Trading of palm oil equipments	-	-	58,254	-	58,254
- Sale of fresh fruit bunches	-	146,799	-	-	146,799
- Trading and processing of crude palm oil and related products	191,999	-	-	-	191,999
- Manufacturing, installation and repair of bio-energy systems	-	-	23,405	-	23,405
- Rendering of services	-	-	180	-	180
- Retrofitting of special purpose vehicles	-	-	-	23,353	23,353
	<u>191,999</u>	<u>146,799</u>	<u>243,887</u>	<u>23,353</u>	<u>606,038</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers (Cont'd)

Group	Operating segments (Note 33)				Total
	Refinery	Plantation and milling	Equipment and engineering	Special purpose vehicles	
	RM'000	RM'000	RM'000	RM'000	RM'000
2021					
Geographical areas:					
- Malaysia	80,906	-	39,455	23,353	143,714
- Indonesia	-	146,799	131,224	-	278,023
- Papua New Guinea	-	-	25,062	-	25,062
- Central America	-	-	9,703	-	9,703
- Africa	-	-	26,180	-	26,180
- Liberia	-	-	2,704	-	2,704
- Singapore	111,093	-	-	-	111,093
- Others	-	-	9,559	-	9,559
	191,999	146,799	243,887	23,353	606,038
Timing of revenue recognition:					
- Over time	-	-	154,608	22,944	177,552
- At a point in time	191,999	146,799	89,279	409	428,486
	191,999	146,799	243,887	23,353	606,038

Company

Information about disaggregation of revenue has not been disclosed as the Company derives revenue mainly from dividend income received from subsidiaries in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROFIT BEFORE TAX

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/ (crediting):-				
Auditors' remuneration	514	475	85	85
Bad debts written off	554	-	-	-
Bad debts recovered	-	(110)	-	-
Depreciation of property, plant and equipment	20,278	21,022	194	185
Depreciation of right-of-use assets	3,545	3,613	-	-
Dividend income from:				
- Subsidiaries	-	-	(800)	(73,685)
- Associates	-	-	(31,110)	-
- Unquoted investments in Malaysia	(1,231)	(4,532)	-	-
Employee benefits expenses (Note 27)	27,439	30,638	1,671	1,576
Fair value changes in biological assets	(2,770)	(1,549)	-	-
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	9,812	(3)	-	-
Loss/(Gain) on disposal of plant and equipment	165	(544)	(80)	-
Loss on disposal of other investments	710	-	-	-
Interest expense for financial assets measured at amortised cost	-	5	-	-
Interest expense for financial liabilities measured at amortised cost	11,365	8,042	1,132	1,066
Interest expense for lease liabilities	116	52	-	-
Interest income for financial assets measured at amortised cost	(2,705)	(4,037)	(25)	(23)
Inventories written down	686	90	-	-
Lease expense relating to:				
- Short-term leases	1,270	301	144	144
- Leases of low-value assets	14	10	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/ (crediting) (Cont'd):-				
Loss/(Gain) on foreign exchange:				
- Realised	9,184	(1,222)	-	-
- Unrealised	12,959	(210)	12,052	(5,002)
Loss/(Gain) on derivatives:				
- Realised	16,815	(1,405)	-	-
- Unrealised	-	(241)	-	-
Loss on derecognition of right-of-use assets	-	68	-	-
Net impairment losses on contract assets and financial assets:				
- Impairment losses on contract assets	1,275	-	-	-
- Impairment losses on receivables	51,480	4,177	-	-
- Reversal of impairment losses on receivables	(4,427)	(2,759)	-	-
- Reversal of impairment losses on contract assets	(1,692)	-	-	-
Impairment losses on golf club memberships	-	121	-	-
Operating lease income	(240)	(240)	-	-
Recovery of tax penalty	(4,197)	-	-	-
Deposit forfeited	20	-	-	-
Reversal of interest expense for financial assets measured at amortised cost	(1,675)	(1,660)	-	-
Reversal of inventories written down	(34)	(19)	-	-
Government grants under Wage Subsidy Programme	-	(8)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
- Fee	289	312	239	261
- Other short-term employee benefits	1,963	2,205	210	188
- Defined contribution plans	100	116	-	-
	2,352	2,633	449	449
Directors of subsidiaries:				
- Fee	41	76	-	-
- Other short-term employee benefits	3,069	2,610	-	-
- Defined contribution plans	162	218	-	-
	3,272	2,904	-	-
	5,624	5,537	449	449
Other employees:				
- Short-term employee benefits	20,219	22,413	1,092	1,006
- Defined contribution plans	1,558	1,284	130	121
- Defined benefit plans	38	1,404	-	-
	21,815	25,101	1,222	1,127
	27,439	30,638	1,671	1,576

The estimated monetary value of benefits received or receivable by certain directors otherwise than in cash from the Group and the Company amounted to approximately RM80,000 and RM40,000 (2021 - RM135,800 and RM67,300) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:				
- Malaysian income tax	15,508	6,812	345	29
- Overseas income tax	1,733	2,552	-	-
- Deferred tax (Note 10)	(8,138)	342	-	-
	<u>9,103</u>	<u>9,706</u>	<u>345</u>	<u>29</u>
Tax under/(over) provided in prior years:				
- Malaysian income tax	1,966	1,914	(7)	(9)
- Deferred tax (Note 10)	6,369	139	-	-
Withholding tax	38	213	-	-
Tax expense	<u>17,476</u>	<u>11,972</u>	<u>338</u>	<u>20</u>

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate is as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>4,658</u>	<u>104,355</u>	<u>17,054</u>	<u>75,233</u>
Tax at applicable tax rate of 24%	1,118	25,045	4,093	18,056
Non-deductible expenses	22,290	14,845	3,288	858
Non-taxable income	(22,310)	(22,116)	(7,036)	(18,885)
Increase/(Decrease) in unrecognised deferred tax assets	6,832	(1,149)	-	-
Tax savings arising from pioneer status incentive	-	(8,434)	-	-
Reversal of accelerated tax on project near to completion	1,473	1,646	-	-
Effect of differential in tax rates	(300)	(131)	-	-
Tax under/(over) provided in prior years:				
- Current tax	1,966	1,914	(7)	(9)
- Deferred tax	6,369	139	-	-
Withholding tax	38	213	-	-
Tax expense	<u>17,476</u>	<u>11,972</u>	<u>338</u>	<u>20</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:-

	Group	
	2022	2021
(Loss)/Profit for the financial year attributable to owners of the Company (RM'000)	<u>(6,104)</u>	<u>86,664</u>
Number of shares in issue at 1 January ('000)	493,249	493,249
Effect of shares purchased ('000)	<u>(308)</u>	<u>(254)</u>
Weighted average number of shares in issue ('000)	<u>492,941</u>	<u>492,995</u>
Basic earnings per share (sen)	<u>(1.2)</u>	<u>17.8</u>

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

30. DIVIDENDS

	Group and Company	
	2022	2021
	RM'000	RM'000
Second interim single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2021	9,610	-
Second interim single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2020	-	9,717
First interim single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2021	-	9,676
	<u>9,610</u>	<u>19,393</u>

On 12 January 2023, the Company declared a first interim single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2022. The dividend was paid on 15 February 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. NOTES TO STATEMENTS OF CASH FLOWS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Acquisition of Right-Of-Use Assets				
Cost of right-of-use assets acquired	241	5,182	-	-
Acquisition of a subsidiary	14,918	-	-	-
Acquisition by means of leases	(14,918)	(252)	-	-
Net cash disbursed	<u>241</u>	<u>4,930</u>	<u>-</u>	<u>-</u>
Short-term Loans and Borrowings				
Balance at 1 January	30,193	37,538	21,622	26,711
Net cash flow changes	(6,354)	(7,345)	(357)	(5,089)
Balance at 31 December	<u>23,839</u>	<u>30,193</u>	<u>21,265</u>	<u>21,622</u>
Represented by:				
- Foreign currency trade finance (Note 21)	2,010	-	-	-
- Revolving credits (Note 21)	21,265	21,622	21,265	21,622
- Banker acceptances (Note 21)	564	8,571	-	-
	<u>23,839</u>	<u>30,193</u>	<u>21,265</u>	<u>21,622</u>
Term Loans				
Balance at 1 January	140,741	133,032	-	-
Drawdowns	-	9,518	-	-
Repayments	(11,010)	(3,989)	-	-
Currency translation differences	5,899	2,180	-	-
Balance at 31 December (Note 21)	<u>135,630</u>	<u>140,741</u>	<u>-</u>	<u>-</u>
Lease Liabilities				
Balance at 1 January	912	1,413	-	55
Acquisition of right-of-use assets	-	252	-	-
Acquisition of a subsidiary	15,028	-	-	-
Repayments	(296)	(768)	-	(55)
Currency translation differences	(105)	15	-	-
Balance at 31 December (Note 22)	<u>15,539</u>	<u>912</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

The total cash outflow for leases is as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Operating Activities				
Lease expense recognised in profit or loss (Note 26):				
- Short-term leases	1,270	301	144	144
- Leases of low-value assets	14	10	-	-
Interest portion of lease liabilities (Note 26)	116	52	-	-
Investing Activities				
Acquisition of right-of-use assets	241	4,930	-	-
Financing Activities				
Principal portion of lease liabilities	296	768	-	55
	<u>1,937</u>	<u>6,061</u>	<u>144</u>	<u>199</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. RELATED PARTY DISCLOSURES

Transactions with related parties during the financial year other than those disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Key management personnel compensation:				
- Fee	330	388	239	261
- Other short-term employee benefits	5,409	5,191	587	565
- Defined contribution plans	306	379	44	45
	6,045	5,958	870	871
Dividends declared from subsidiaries	-	-	800	73,685
Dividends declared from associates	-	-	31,110	-
Interest charged on loans given by subsidiaries	-	-	238	160
Interest charged to a joint venture	-	455	-	-
Loans given by a director	32,613	-	13,983	-
Rendering of management services to subsidiaries	-	-	-	3
Rental charged by a subsidiary	-	-	144	144
Advisory fee charged by directors	120	230	-	-
Purchase of goods from related parties ^(a)	1,234	8,429	-	-
Revenue from construction contract with related parties ^(a)	-	6,087	-	-
Receiving of contract services from a related party ^(a)	-	1,280	-	-
Rental charged to a related party ^(a)	48	48	-	-
Sales of goods to related parties ^(a)	6,465	3,213	-	-

^(a) Being companies in which a director of the Company has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. OPERATING SEGMENTS

Group

Operating Segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- | | |
|--------------------------------|---|
| (i) Plantation and milling | - Cultivation of oil palm and production of crude palm oil and palm kernel. |
| (ii) Equipment and engineering | - Manufacture of palm oil equipment and related products, commissioning and contracting works for palm oil mills and trading of palm oil mill processing equipment. |
| (iii) Refinery | - Trading and processing of crude palm oil and related products. |
| (iv) Special purpose vehicles | - Retrofitting special purpose vehicles. |
| (v) Investing | - Investment holding. |

Except as indicated above, no other operating segments have been aggregated to form the above reportable segments.

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. OPERATING SEGMENTS (CONT'D)

2022	Plantation and milling RM'000	Equipment and engineering RM'000	Special purpose vehicles RM'000	Refinery RM'000	Investing RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
Segment assets	828,802	930,954	54,082	361,412	496,421	(1,585,493)	1,086,178
Investments in associates	-	-	-	-	49,430	37,795	87,225
Investments in joint ventures	-	-	-	-	20,189	5,643	25,832
Income tax and deferred tax assets	69	4,548	1,454	-	(251)	-	5,820
Total assets	828,871	935,502	55,536	361,412	565,789	(1,542,055)	1,205,055
Additions to non-current assets	38,348	53,637	4	149,347	28,070	(75,970)	193,436
Segment liabilities	727,969	294,654	31,669	262,992	224,216	(1,344,759)	196,741
Loans and borrowings	131,782	3,847	564	2,011	21,265	-	159,469
Lease liabilities	241	269	-	15,029	-	-	15,539
Income tax and deferred tax liabilities	3,041	3,405	139	28,637	-	(11,507)	23,715
Total liabilities	863,033	302,175	32,372	308,669	245,481	(1,356,266)	395,464
External revenue	147,028	283,422	46,099	404,793	-	-	881,342
Intersegment revenue	-	12,039	-	-	31,910	(43,949)	-
Total revenue	147,028	295,461	46,099	404,793	31,910	(43,949)	881,342

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. OPERATING SEGMENTS (CONT'D)

2022	Plantation and milling RM'000	Equipment and engineering RM'000	Special purpose vehicles RM'000	Refinery RM'000	Investing RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
Segment (loss)/profit	18,448	28,877	(16,536)	(39,360)	17,376	(12,567)	(3,762)
Interest income	457	7,552	693	-	25	(6,022)	2,705
Interest expense	(9,079)	(632)	(95)	(6,565)	(1,132)	6,022	(11,481)
Share of profit of associates	-	-	-	-	-	5,014	5,014
Share of profit of joint ventures	-	-	-	-	-	12,182	12,182
Profit/(Loss) before tax	9,826	35,797	(15,938)	(45,925)	16,269	4,629	4,658
Tax (expense)/income	(1,998)	(14,444)	(1,748)	1,052	(338)	-	(17,476)
(Loss)/Profit for the financial year	7,828	21,353	(17,686)	(44,873)	15,931	4,629	(12,818)
Non-cash income	3,519	13,217	3,125	-	105	(6,021)	13,945
Depreciation	19,117	2,534	477	1,502	193	-	23,823
Other non-cash expenses	9,353	38,580	24,386	7,749	13,894	(6,405)	87,557

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. OPERATING SEGMENTS (CONT'D)

2021	Plantation and milling RM'000	Equipment and engineering RM'000	Special purpose vehicles RM'000	Refinery RM'000	Investing RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
Segment assets	781,669	855,611	104,630	149,664	438,247	(1,315,666)	1,014,155
Investments in associates	-	-	-	-	49,430	56,723	106,153
Investments in joint ventures	-	-	-	-	24,211	(701)	23,510
Income tax and deferred tax assets	22	11,820	997	810	142	-	13,791
Total assets	781,691	867,431	105,627	150,474	512,030	(1,259,644)	1,157,609
Additions to non-current assets	37,938	1,305	163	4,922	163	-	44,491
Segment liabilities	728,970	248,472	46,915	138,948	232,304	(1,261,762)	133,847
Loans and borrowings	136,112	4,630	8,570	-	21,622	-	170,934
Lease liabilities	539	373	-	-	-	-	912
Income tax and deferred tax liabilities	853	228	10,616	863	-	-	12,560
Total liabilities	866,474	253,703	66,101	139,811	253,926	(1,261,762)	318,253
External revenue	146,799	243,887	23,353	191,999	-	-	606,038
Intersegment revenue	-	14,651	-	-	73,685	(88,336)	-
Total revenue	146,799	258,538	23,353	191,999	73,685	(88,336)	606,038

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. OPERATING SEGMENTS (CONT'D)

2021	Plantation and milling RM'000	Equipment and engineering RM'000	Special purpose vehicles RM'000	Refinery RM'000	Investing RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
Segment profit	12,939	65,223	2,516	7,454	75,965	(85,444)	78,653
Interest income	210	3,606	190	8	23	-	4,037
Interest expense	(6,843)	(242)	(5)	(103)	(906)	-	(8,099)
Share of profit of associates	-	-	-	-	-	19,030	19,030
Share of profit of joint ventures	-	-	-	-	-	10,734	10,734
Profit before tax	6,306	68,587	2,701	7,359	75,082	(55,680)	104,355
Tax (expense)/income	(105)	(10,191)	537	(2,193)	(20)	-	(11,972)
Profit for the financial year	6,201	58,396	3,238	5,166	75,062	(55,680)	92,383
Non-cash income	2,025	6,959	2,286	309	5,024	(5,244)	11,359
Depreciation	19,467	3,612	562	809	185	-	24,635
Other non-cash expenses	(8,702)	(8,965)	(223)	(103)	(906)	4,260	(14,639)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. OPERATING SEGMENTS (CONT'D)

Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers, whereas segment assets are based on the geographical location of assets.

	External Revenue		Non-current Assets	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Indonesia	307,213	278,023	340,478	337,068
Malaysia	195,152	143,714	402,959	247,930
Papua New Guinea	14,742	25,062	622	943
Central America	11,962	9,703	82	168
Africa	6,859	26,180	-	-
Liberia	13,514	2,704	-	-
Thailand	3,831	-	-	-
China	84,535	-	-	-
Singapore	237,601	111,093	-	-
Others	5,933	9,559	-	-
	<u>881,342</u>	<u>606,038</u>	<u>744,141</u>	<u>586,109</u>

Major Customers

The Group did not have any major customer that contributed 10% or more to its total revenue.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. FINANCIAL GUARANTEE CONTRACTS

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM 464,973,000 (2021 - RM445,842,000). The total utilisation of these credit facilities as at 31 December 2022 amounted to approximately RM189,321,000 (2021 - RM193,074,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be recalled at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.14. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

The Company	2022 RM'000	2021 RM'000
Carrying Amount	-	-
Contractual Undiscounted Cash Flows - On demand or within one year	189,321	193,074

35. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties financial standings on an on-going basis, setting and monitoring counterparties limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 13.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

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

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Indonesian Rupiah ("IDR"), whereas the major foreign currencies transacted are US Dollar ("USD"), Indonesian Rupiah ("IDR") and Kina ("PGK"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Denominated in USD		Denominated in IDR		Denominated in PGK	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Receivables	25,534	35,452	97,272	85,092	928	1,175
Cash and cash equivalents	9,676	29,474	8,307	22,034	4,453	12,757
Other investment	33,778	-	-	-	-	-
Payables	(3,659)	(8,287)	(20,198)	(50,790)	(1,876)	(96)
Loans and borrowings	(117,108)	(114,950)	(16,685)	(21,162)	-	-
Lease liabilities	-	-	(71)	(332)	-	-
	<u>(51,779)</u>	<u>(58,311)</u>	<u>68,625</u>	<u>34,842</u>	<u>3,505</u>	<u>13,836</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency Risk (Cont'd)

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Increase)/ Decrease in Loss 2022 RM'000	Increase/ (Decrease) in Profit 2021 RM'000
Appreciation of USD against RM by 10%	(3,935)	(4,432)
Depreciation of USD against RM by 10%	3,935	4,432
Appreciation of IDR against RM by 10%	5,216	2,648
Depreciation of IDR against RM by 10%	(5,216)	(2,648)
Appreciation of PGK against RM by 10%	262	1,044
Depreciation of PGK against RM by 10%	(262)	(1,044)
Appreciation of USD against IDR by 10%	(9,884)	(10,208)
Depreciation of USD against IDR by 10%	9,884	10,208

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	4,474	13,487	-	-
Financial liabilities	(39,378)	(31,105)	(21,265)	(21,622)
Floating rate instruments				
Financial liabilities	(135,630)	(140,741)	-	-

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any changes in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Increase)/ Decrease in Loss 2022 RM'000	(Decrease)/ Increase in Profit 2021 RM'000
Increase in interest rates by 100 basis points	(1,031)	(1,070)
Decrease in interest rates by 100 basis points	1,031	1,070

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. FINANCIAL RISK MANAGEMENT (CONT'D)

Other Price Risk

The Group's exposure to other price risk arises mainly from quoted investments. The Group manages these investments on an individual basis by continuously evaluating the price movements, investment returns and the general industrial conditions relevant to the investees.

The following table demonstrates the sensitivity of profit or loss (and equity) to reasonably possible price movements in quoted investments at the end of the reporting period, with all other variables held constant:-

	Group	
	Decrease/ (Increase) in Loss 2022 RM'000	Increase/ (Decrease) in Profit 2021 RM'000
Increase in price by 10% (2021 - 10%)	3,870	(354)
Decrease in price by 10% (2021 - 10%)	<u>(3,870)</u>	<u>354</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	159,469	170,934	21,265	21,622
Lease liabilities	15,539	912	-	-
Total interest-bearing debts	175,008	171,846	21,265	21,622
Total equity	809,591	839,356	321,394	317,948
Total capital	984,599	1,011,202	342,659	339,570
Debt-to-equity ratio	0.22	0.20	0.07	0.07

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. FINANCIAL INSTRUMENTS

37.1 Classification of Financial Instruments

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Amortised Cost</u>				
Receivables	165,289	250,129	406,782	420,543
Cash and cash equivalents	69,336	141,450	930	1,552
Other investments	2,946	27,271	-	-
	<u>237,571</u>	<u>418,850</u>	<u>407,712</u>	<u>422,095</u>
<u>Fair Value Through Profit or Loss</u>				
Other investments	51,795	3,736	-	-
Derivatives	-	6,075	-	-
	<u>51,795</u>	<u>9,811</u>	<u>-</u>	<u>-</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Payables	110,000	80,178	222,939	216,952
Loans and borrowings	159,469	170,934	21,265	21,622
Lease liabilities	15,539	912	-	-
	<u>285,008</u>	<u>252,024</u>	<u>244,204</u>	<u>238,574</u>

37.2 Fair Value Information

The methods used in determining the fair values of financial instruments recognised on the statements of financial position are disclosed in their respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 11 March 2022, the Company entered into a Share Sale Agreement with the minority shareholders' of Gulf Lubes Malaysia Sdn. Bhd. ("GLM") to acquire 30,000,000 ordinary shares in GLM, representing 30% of the total issued and paid-up capital of GLM, for a total cash consideration of RM24 million.

The acquisition was completed as on 9 June 2022. Upon completion of the additional acquisition of GLM's shares, GLM became a wholly-owned subsidiary of the Company.

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LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

Location	Description Of Property/Usage	Tenure	Year Of Acquisition/ Revaluation (if any)	Land Area (Sq. M)	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 15, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	1998	22,286	7,655	25
Lot No. 3 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2003	24,654	5,724	17
Lot No. 4 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2006	20,369	7,753	17
No.1C, 3C & 5C, 3 rd Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor	3 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2008	360	550	27
Geran 58844 Lot 64258, Mukim Damansara, Daerah Petaling, Selangor	Industrial land with office cum factory building	Freehold	2017	2,215	7,726	24
PLO71, Jalan Nibong 5, Kawasan Perindustrian Tanjung Langsat, Pasir Gudang, Johor	Industrial land with office and factory buildings	Leasehold for 52 years/ Expiring on 13 March 2068	2018	40,470	8,837	8
Jl. Jenderal Sudirman KM8, No. 18 A, Kel. Pasir Putih, Kec. M.B Ketapang, Kec. Kotawaringin Timur Kalimantan Tengah, Indonesia	Industrial land with office cum factory building	Leasehold for 44 years/ Expiring on 13 January 2046	2016	4,829	1,545	6
Kecamatan Lamandau, Kabupaten Lamandau, Kalimantan Tengah, Indonesia	Plantation land with estate buildings and oil palm plantation	Leasehold for 35 years/ Expiring on 23 October 2049	2014	5,898 (Hectares)	15,420	12
Kecamatan Daman Batu and Kahayan Hulu Utara, Kabupaten Gunung Mas, Kalimantan Tengah, Indonesia	Plantation land with estate buildings and oil palm plantation	Leasehold for 25 years/ Expiring on 2 December 2045	2020	7,169 (Hectares)	17,924	6
Kecamatan Manuhing, Tewah and Kurun, Kabupaten Gunung Mas, Kalimantan Tengah, Indonesia	Plantation land with estate buildings and oil palm plantation	Leasehold for 35 years/ Expiring on 8 November 2053-25 March 2056	2018-21	11,130 (Hectares)	53,305	9

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

CLASS OF SHARES	: Ordinary shares
ISSUED SHARE CAPITAL	: 477,954,758 ordinary shares (excluding Treasury Shares of 15,293,927)
VOTING RIGHTS	: One vote per ordinary share
NUMBER OF SHAREHOLDERS	: 4,534

DISTRIBUTION TABLE ACCORDING TO THE NUMBER OF SECURITIES HELD IN RESPECT OF ORDINARY SHARES

Size of Holding	No. of Holders	No. of Holdings	Percentage (%)
Less than 100	229	3,459	0.00
100 - 1,000	587	335,178	0.07
1,001 - 10,000	2,221	11,323,478	2.37
10,001 - 100,000	1,228	38,158,556	7.98
100,001 - 23,897,736 ¹	263	251,538,715	52.63
23,897,737 ² and above	6	176,595,372	36.95
Total:	4,534	477,954,758 ³	100.00

Notes:

¹ Less than 5% of issued shares² 5% and above of issued shares³ Excluding Treasury Shares of 15,293,927

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct Holdings		Indirect Holdings	
	No. of shares	%	No. of shares	%
Datuk Lim Chai Beng	151,843,420	31.77	42,843,800 ¹	8.96
Lim Chai Guan	26,142,120	5.47	1,017,500 ²	0.21
Tan Sow Peng	1,017,500	0.21	26,142,120 ²	5.47
Yacktman Asset Management LP	24,400,800	5.11	-	-
Zee Capital Sdn Bhd	30,968,800	6.48	-	-

LIST OF DIRECTORS' SHAREHOLDINGS

Names	Direct Holdings		Indirect Holdings	
	No. of shares	%	No. of shares	%
Datuk Lim Chai Beng	151,843,420	31.77	42,843,800 ¹	8.96
Lim Chai Huat	22,222,222	4.65	-	-
Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah	3,360,000	0.70	-	-
Karpanadevi A/P K R Somasundram	-	-	-	-
Lee Poi Keong	-	-	-	-
Dato' Dr Suzana Idayu Wati Binti Osman	-	-	-	-
Lim Zee Ping	4,684,000	0.98	-	-

Notes:

¹ Deemed interested under Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his children and deemed interested under Section 8 of the Companies Act 2016 by virtue of his direct interest in Zee Capital Sdn. Bhd.² Deemed interested under Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his/her spouse.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities account belonging to the same Depositors)

No.	Name	No. of Holdings	Percentage (%)
1.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Lim Chai Beng (33-00006-000)	35,456,217	7.42
2.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng	33,300,000	6.97
3.	Zee Capital Sdn Bhd	30,968,800	6.48
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (CEB)	26,211,652	5.48
5.	Lim Chai Guan	26,142,120	5.47
6.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Lim Chai Beng (33-00005-000)	24,516,583	5.13
7.	HLB Nominees (Tempatan) Sdn Bhd Lim Chai Beng (CUST.SIN 10081)	17,610,364	3.68
8.	Mak Chee Meng	15,876,660	3.32
9.	Lim Chai Huat	15,603,142	3.26
10.	Cartaban Nominees (Asing) Sdn Bhd The Bank of New York Mellon For Emerald Bay Fund, LP	11,320,000	2.37
11.	Cartaban Nominees (Asing) Sdn Bhd The Bank of New York Mellon For AMG Yacktman Global Fund	10,500,000	2.20
12.	Tan Yu Hwa	8,107,400	1.70
13.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Accounts For Lim Chai Beng	6,954,604	1.46
14.	Lim Chye Ooi	6,202,280	1.30
15.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Zee Yang	4,882,600	1.02
16.	Lim Chai Tiong	4,872,340	1.02
17.	Lim Zee Ping	4,684,000	0.98
18.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Gee Kim	4,672,200	0.98
19.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohamed Nizam Bin Abdul Razak	4,614,840	0.97
20.	Ong Lea Ping	3,889,200	0.81
21.	Lim Chai Huat	3,565,680	0.75
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (7001398)	3,500,000	0.73
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tengku Ardy Esfandiari Bin Tengku A Hamid Shah (E-SS2)	3,360,000	0.70
24.	RHB Capital Nominees (Tempatan) Sdn Bhd Lim Chai Beng	3,294,000	0.69

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

No.	Name	No. of Holdings	Percentage (%)
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chye Hong (E-TWU)	3,134,900	0.66
26.	Teh Huat Seng	2,918,000	0.61
27.	Tan Ah Wah	2,792,200	0.58
28.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,690,778	0.56
29.	Cartaban Nominees (Asing) Sdn Bhd The Bank of New York Mellon For AMG Yacktmann Special Opportunities Fund	2,580,800	0.54
30.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Teng Hock	2,488,100	0.52
	TOTAL	326,709,460	68.36

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting (“**26th AGM**”) of CB INDUSTRIAL PRODUCT HOLDING BERHAD (“**the Company**”) will be conducted virtually and live-stream from the broadcast venue at Aquamarin Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan by using the Remote Participation and Electronic Voting (“**RPEV**”) facilities via the meeting platform at <https://meeting.boardroomlimited.my> on Tuesday, 30 May 2023 at 10:00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who retire in accordance with Clause 97 of the Constitution of the Company and being eligible, offer themselves for re-election:
 - (a) Mr. Lim Chai Huat **Ordinary Resolution 1**
 - (b) Ms. Karpanadevi A/P K R Somasundram **Ordinary Resolution 2**
3. To approve the payment of Directors’ Remuneration amounting to RM695,000 for the financial period from 1 July 2023 until 30 June 2024 **Ordinary Resolution 3**
4. To re-appoint Messrs. Crowe Malaysia PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:

5. **AUTHORITY TO ISSUE AND ALLOT SHARES** **Ordinary Resolution 5**

“THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot not more than ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Companies Act 2016 and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016, to be read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

NOTICE OF ANNUAL GENERAL MEETING

6. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES Ordinary Resolution 6

“THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits as at the time of purchase; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration.

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“**AGM**”) following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 of Malaysia, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration) in accordance with the Constitution of the Company and the requirements and/or guidelines of Main Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities.”

NOTICE OF ANNUAL GENERAL MEETING

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** Ordinary Resolution 7

"THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 1.3 of Part A of the Circular to Shareholders dated 28 April 2023, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution shall commence upon passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TEO MEE HUI (MAICSA 7050642 & SSM PC No.: 202008001081)
ZEENATH BEGUM BINTI MOHAMED MASTAN (LS0009462 & SSM PC No.: 202008002974)
Company Secretaries

Selangor Darul Ehsan
28 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. *The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies shall be physically present at the broadcast venue.** The electronic means of conducting the meeting on a virtual basis will facilitate and enable all shareholders/proxies to participate fully in the proceedings by audio and/or video capabilities without the need to be physically present at the meeting venue.*
2. *The shareholders/proxies/corporate representative will have to register to attend the Twenty-Sixth Annual General Meeting ("**26th AGM**") remotely by using the Remote Participation and Electronic Voting ("**RPEV**") facilities according to the procedures as set out in the Administrative Details.*
3. *A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.*
4. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A notice of termination of proxy authority in writing would need to be given to the Company by writing to bsr.helpdesk@boardroomlimited.com, not less than forty-eight (48) hours before the time stipulated for holding the 26th AGM if the member would like to attend and vote at the meeting after lodging the proxy form.*
5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, such member may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
8. *The instrument appointing a proxy must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal ("**BSIP**") at <https://investor.boardroomlimited.com> (please refer to Section E of the Administrative Details for more details) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
9. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
10. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 19 May 2023 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.*

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes on Ordinary and Special Business

Item 1 of the Agenda

Audited Financial Statements for the financial year ended 31 December 2022

This Agenda is meant for discussion only as the provision of Section 248 and Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

Ordinary Resolutions 1 & 2

Re-election of Directors

Mr. Lim Chai Huat and Ms. Karpanadevi A/P K R Somasundram will retire at the 26th AGM in accordance with Clause 97 of the Constitution of Company.

The profile of the retiring Directors is set out in the Annual Report 2022.

The Nomination and Remuneration Committee has taken into account the Board Performance Evaluation including the results of assessment for the retiring Directors and concurred that they have met the Board's expectation in terms of experience, expertise, integrity, competency, commitment and individual contribution by continuously performing their duties diligently as Directors of the Company. The Board recommended them to be re-elected as Directors of the Company.

Ordinary Resolution 3

Directors' Remuneration of the Company

Pursuant to Section 230(1) of the Companies Act 2016, the fee of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 26th AGM on the Directors' remuneration for the financial period from 1 July 2023 until 30 June 2024.

The Directors' remuneration comprises the fee and benefits which consist of allowances and benefit-in-kind payable to the Directors of the Company and its subsidiaries as follows:

	<u>Fee (RM)</u>	<u>*Benefits Payable (RM)</u>
<u>Company</u>		
Executive Directors	-	90,000
Non-Executive Directors	241,000	217,000
<u>Subsidiaries</u>		
Executive Directors	80,000	-
Non-Executive Directors	67,000	-
Total	388,000	307,000

Note:

* Inclusive of meeting allowance, travelling allowance, and benefit-in-kind.

Payment of Directors' remuneration will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Ordinary Resolution 3 has been passed at the 26th AGM. The Board is of the view that it is just and equitable for the Directors to be paid such payment on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the period as stated herein.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 5

Authority to Issue and Allot Shares

The proposed resolution is primarily to give flexibility to the Board of Directors to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next AGM of the Company.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

This is the renewal of the mandate obtained from the members at the last AGM (“the Previous Mandate”). The Previous Mandate was not utilised and accordingly no proceeds were raised.

By voting in favour for the proposed resolution, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 and Clause 54 the Company’s Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company which will result in a dilution of their shareholding percentage in the Company.

Ordinary Resolution 6

Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed resolution, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained earning of the Company.

For further information, please refer to Share Buy-Back Statement dated 28 April 2023.

Ordinary Resolution 7

Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed resolution, if passed, will allow the Group enters into the Recurrent Related Party Transactions made on arm’s length basis and normal commercial term and which is not prejudice to the minority shareholders.

For further information, please refer to the Circular to Shareholders dated 28 April 2023.

ADMINISTRATIVE DETAILS OF ANNUAL GENERAL MEETING

- Date & Time** : Tuesday, 30 May 2023 at 10:00 a.m.
- Broadcast Venue** : Aquamarin Room, The Saujana Hotel Kuala Lumpur
Jalan Lapangan Terbang SAAS
40150 Shah Alam
Selangor Darul Ehsan
- Meeting platform** : <https://meeting.boardroomlimited.my>
- Mode of Communication** :
1. During the 26th AGM, any questions can be posed to the Board via real time submission of type text in the meeting platform at <https://meeting.boardroomlimited.my> during live streaming. The Messaging window facility will be opened concurrently with the Virtual Meeting Portal, i.e., one (1) hour before the 26th AGM, which is from **9:00 a.m. on Tuesday, 30 May 2023**.
 2. Shareholders may submit questions in advance on the 26th AGM resolutions and Annual Report 2022 commencing from 28 April 2023 and in any event **no later than 9:00 a.m., Thursday, 29 May 2023** via Boardroom Smart Investor Portal (“BSIP”) at <https://investor.boardroomlimited.com> using the same user ID and password provided in **Note D - Step 2** below, and select “**SUBMIT QUESTION**” to pose questions (“**Pre-AGM Meeting Questions**”).

A. VIRTUAL MEETING

1. The Company would like to leverage on technology advancement by conducting the 26th AGM of the Company **virtually through Remote Participation and Electronic Voting (“RPEV”) facilities** provided by Boardroom Share Registrars Sdn. Bhd (“**Boardroom**”).
2. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies shall be physically present at the broadcast venue.** The electronic means of conducting the 26th AGM on a virtual basis will facilitate and enable all shareholders to participate fully in the proceedings by audio and/or video capabilities without the need to be physically present at the meeting venue.
3. The conduct of a virtual AGM is also in line with the revised Guidance Note and Frequently Asked Questions (“**the Revised Guidance Note and FAQ**”) by the Securities Commission Malaysia on 7 April 2022. The Revised Guidance Note and FAQ states that in a virtual general meeting, all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

With the RPEV facilities, you may exercise your right as a shareholder of the Company to participate in (and pose questions to the Board and Management) and vote online during the AGM, safely from your home or from any locations.

4. Kindly ensure the stability of your internet connectivity throughout the AGM is maintained as the quality of the live webcast and online remote voting are dependent on the bandwidth and stability of your internet connection.

ADMINISTRATIVE DETAILS OF ANNUAL GENERAL MEETING

B. GENERAL MEETING RECORDS OF DEPOSITOR

1. Only shareholders whose names appear in the General Meeting Record of Depositors as at 19 May 2023 shall be entitled to attend, speak and vote at the Meeting of the Company or appoint proxy(ies) on his/her behalf.

C. REMOTE PARTICIPATION AND ELECTRONIC VOTING

1. Shareholders are encouraged to go online, participate, and vote at the 26th AGM via the RPEV facility. **Please follow the steps listed in Note D below on how to request for login ID and password.**
2. Please note that this option is available to (i) individual members; (ii) corporate shareholder; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.

D. ONLINE REGISTRATION PROCEDURE

1. If you choose to participate in the meeting online, you will be able to view a live webcast of the Meeting, ask the Board questions and submit your votes in real time whilst the meeting is in progress.
2. Kindly follow the steps below on how to request for login ID and password.

Step 1 – Register Online with Boardroom Smart Investor Portal (“BSIP”) (for first time registration only)

[Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password.]

- a. Access BSIP website at <https://investor.boardroomlimited.com>.
- b. Click <<**Register**>> to sign up as a user.
- c. Please select the correct account type i.e. sign up as “**Shareholder**” or “**Corporate Holder**”.
- d. Complete registration with all required information. Upload a softcopy of your or representative’s MyKad/ Identification Card (front and back) or Passport in JPEG, PNG or PDF format (as the case maybe).
- e. For corporate holder, kindly attach the authorisation letter as well. Click “**Sign Up**”.
- f. You will receive an e-mail from the Boardroom for e-mail address verification. Click “**Verify E-mail Address**” to proceed with the registration.
- g. Once your email address is verified, you will be re-directed to the BSIP Online for verification of your mobile number. Click “**Request OTP Code**” and an OTP code will be sent to the registered mobile number. Click “**Enter**” to enter the OTP code to complete the process.
- h. An e-mail will be sent to you within one (1) business day informing you on the approval of your BSIP account. You can login to the BSIP at <https://investor.boardroomlimited.com> with the e-mail address and password that you have provided during the registration to proceed with the next step.

***Check your email address is keyed in correctly.**

***Remember the password that you have keyed in.**

Step 2 – Submit Request for Remote Participation User ID and Password

*[Note: The registration for remote access will be opened on **Friday, 28 April 2023**. Please note that the closing time to submit your request is not less than **forty-eight (48) hours** before the time of holding the 26th AGM, i.e. **Sunday, 28 May 2023 at 10:00 a.m.**]*

Individual Shareholders

- Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- Select “**CB INDUSTRIAL PRODUCT HOLDING BERHAD TWENTY-SIXTH (26TH) ANNUAL GENERAL MEETING**” from the list of Meeting Events and click “**Enter**”.

ADMINISTRATIVE DETAILS OF ANNUAL GENERAL MEETING

- **Attend AGM remotely**

- Go to **"VIRTUAL"** and click on **"Register for RPEV"**.
- Read and accept the General Terms & Conditions by clicking **"Next"**
- Enter your CDS Account Number and click **"Submit"** to complete your request.
- Upon system verification against the General Meeting Record of Depositors as at 19 May 2023, you will receive an email from Boardroom either approving or rejecting your registration for the remote participation.
- If your registration is approved, RPEV credential will be provided to you via email.
- If your registration is rejected, a rejection note will be provided to you via email.

- **Appointment of Proxy – eProxy Lodgement**

- Click on **"Submit eProxy Form"**.
- Read and accept the General Terms and Conditions by clicking **"Next"**.
- Enter your CDS Account Number and number of securities held.
- Select your proxy - either the Chairman of the Meeting or individual named proxy(ies)
- Enter the required particulars of your proxy(ies).
- Indicate your voting instructions - **"FOR"** or **"AGAINST"** or **"ABSTAIN"**. If you wish to have your proxy(ies) act upon his/her discretion, please indicate **"DISCRETIONARY"**.
- Review and confirm your proxy(ies) appointment. Click **"Apply"**.
- Download or print the eProxy form as acknowledgement.

****You need to register as a shareholder before you can register and submit the eProxy Form.***

Corporate Shareholders – Authorised Nominee and Exempt Authorised Nominee

- To submit the request, Corporate Shareholders need to deposit the original hardcopy to Boardroom and write in to bsr.helpdesk@boardroomlimited.com by providing the name of shareholder, CDS account number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy (as case maybe) to submit the request.
- Please provide a copy of corporate representative's MyKad/Identification Card (front and back) or Passport in JPEG, PNG or PDF format as well as his/her *email address.

****Check the email address of Proxy or Corporate Representative is written down correctly.***

- **Via BSIP**

- Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- Select **"CB INDUSTRIAL PRODUCT HOLDING BERHAD TWENTY-SIXTH (26TH) ANNUAL GENERAL MEETING"** from the list of Meeting Events and click **"Enter"**.
- Click on **"Submit eProxy Form"**.
- Select the company you would like to represent (if more than one).
- Proceed to download the file format for "Submission of Proxy Form" from BSIP.
- Prepare the file for the appointment of proxies by inserting the required data.
- Proceed to upload the duly completed proxy appointment file.
- Review and confirm your proxy appointment and click **"Submit"**.
- Download or print the eProxy form as acknowledgement.

Note: If you wish to appoint more than one (1) company, kindly click the home button and select "Edit Profile" in order to add Company name.

ADMINISTRATIVE DETAILS OF ANNUAL GENERAL MEETING

- **Via email**

- To submit the request, Authorised Nominee and Exempt Authorised Nominee need to deposit the original hardcopy Form of Proxy to Boardroom and write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member and CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request.
- Please provide a copy of the Corporate Representative's or Proxy's MyKad/Identification Card (front and back) or Passport in JPEG, PNG or PDF format, and his/her email address.

Thereafter:

- a. You will receive a notification from Boardroom that your request has been received and is being verified.
- b. Upon system verification against the 26th AGM's Record of Depositories as at 19 May 2023, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
- d. Please note that the closing time to submit your request is at 10:00 a.m. on 28 May 2023 (48 hours before the commencement of the 26th AGM).

Step 3 – Login to Virtual Meeting Portal on the 26th AGM day

[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

- The Virtual Meeting Platform will be opened for login one (1) hour before the scheduled commencement of the 26th AGM, which is **from 9:00 a.m. on Tuesday, 30 May 2023**.
 - Launch Lumi AGM by scanning the QR code provided in the email notification; or
 - Access the Lumi AGM webportal via the website at <http://meeting.boardroomlimited.my>.
- Insert the Meeting ID number and sign in with the user ID and password provided by you via the email notification in Step 3 above.

Step 4 – Participate through Live Streaming

*[Note: Questions submitted online using **typed text** will be moderated before being sent to the Chairman to avoid repetition. Every question and message will be presented with the full name of the shareholder or proxy or corporate representative raising the question.]*

- If you would like to view the live webcast, select the  broadcast icon.
- If you would like to ask a question during the 26th AGM,  select the messaging icon.
- Type your message within the chat box, once completed click the send button.

The Chairman/Board of Directors will endeavour to respond to questions submitted by remote shareholders, proxies and corporate representatives during the 26th AGM.

***There shall not be two-way communication available at the meeting.**

ADMINISTRATIVE DETAILS OF ANNUAL GENERAL MEETING

Step 5 – Online Remote Voting

Once the Chairman announces the opening of remote voting:

- The polling icon  will appear with the resolutions and voting choices until such time that the Chairman declares the end of the voting session.
- To vote, select your voting choice from the options provided. A confirmation message will appear to indicate that your vote has been received.
- To change your vote, re-select your voting option.
- If you wish to cancel your vote, please press “**Cancel**”.

End of RPEV

- Upon announcement by the Chairman on the closure of the 26th AGM, the Live Streaming will end.

E. APPOINTMENT OF PROXY

1. A Shareholder entitled to participate and vote at the Meeting is entitled to appoint proxy(ies) to participate and vote in his/her stead. If you are not able to participate in the 26th AGM remotely, you are encourage to appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Form of Proxy.
2. You may download the Form of Proxy from the Company’s website at www.cbip.com.my/investor-relations/annual-general-meeting/.
3. The Form of Proxy must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the BSIP at <https://investor.boardroomlimited.com> (in accordance with the step below) not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof. For further information, please refer to **Section D – Online Registration Procedure** above.
4. If you wish to participate in the Meeting yourself, please do not submit any Form of Proxy for the Meeting. **You will not be allowed to participate in the Meeting together with a proxy appointed by you.**
5. If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the Meeting by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy(ies) forty-eight (48) hours before the Meeting. Your proxy(ies) on revocation would not be allowed to participate in the Meeting. In such event, you should advise your proxy(ies) accordingly.

F. PROCEDURE OF THE 26TH AGM

1. The Login User Guide for participation, posing questions and voting at the 26th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.
2. No recording or photography of the Meeting proceedings is allowed without the prior written permission of the Company.

ADMINISTRATIVE DETAILS OF ANNUAL GENERAL MEETING

3. You must ensure that you are connected to the internet at all times in order to participate and vote when the 26th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

G. PARTICIPATION THROUGH LIVE WEBCAST AND QUESTION AT THE 26TH AGM

1. The participants will be able to view the Company's presentation or slides via the live webcast.
2. The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 26th AGM, as well as financial performance/prospect of the Company, to the extent where time permits. In the event the Board is unable to respond to your questions during the 26th AGM, you may email your questions to jonathanlai@cbip.com.my after the Meeting.
3. Alternatively, you may also submit your questions in advance to jonathanlai@cbip.com.my before 10:00 a.m. on 28 May 2023 (48 hours before commencement of the 26th AGM) and the Board will endeavour to respond to the questions submitted during the 26th AGM.

H. VOTING PROCEDURE AT THE 26TH AGM

1. The voting will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Company has appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting (e-Voting). The Company has also appointed SKY Corporate Services Sdn. Bhd. as scrutineer to verify the poll results.
2. During the Meeting, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.
3. For the purposes of the 26th AGM, e-Voting will be carried out via personal smart mobile phones, tablets or personal computer/laptops.
4. Members and proxies are required to use the following methods to vote remotely:
 - Launch Lumi AGM by scanning the QR code given to you in the email along with your remote participation User ID and Password; or
 - Access Lumi AGM via the website URL <https://meeting.boardroomlimited.my>.

For the purposes of the virtual 26th AGM, e-Voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

5. You may proceed to cast your votes on each of the proposed resolution to be tabled at the 26th AGM as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

ADMINISTRATIVE DETAILS OF ANNUAL GENERAL MEETING

6. The Scrutineers will verify the poll result reports upon the closing of the poll session by the Chairman. Scrutineers will announce the results thereafter, and the Chairman will declare whether the resolutions put to the vote were successfully carried or not.

I. VOUCHERS/GIFTS

No vouchers or gifts will be given to the participants of the 26th AGM.

J. ANNUAL REPORT AND/OR CIRCULAR/STATEMENT

The Annual Report 2022 and the Circular/Statement are available on Bursa Securities' website at www.bursamalaysia.com under company announcements of CB Industrial Product Holding Berhad as well as the Company's website at www.cbip.com.my/investor-relations/annual-general-meeting/.

K. ENQUIRY

Should you have any enquiry prior to the Meeting or if you wish to request for technical assistance to participate the Meeting, please contact Boardroom Helpdesk during office hours:

Boardroom Share Registrars Sdn. Bhd.

Tel: +603 7890 4700

Fax: +603 7890 4670

Email: bsr.helpdesk@boardroomlimited.com

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CB INDUSTRIAL PRODUCT HOLDING BERHAD

Registration No.: 199701013434 (428930-H)
(Incorporated in Malaysia)

FORM OF PROXY

*I/We *NRIC/ Passport/ Company No

of

being a member(s) of **CB INDUSTRIAL PRODUCT HOLDING BERHAD [199701013434 (428930-H)]** ("the Company") hereby appoints

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
Email Address:		Contact No.:	
*And/or (delete as appropriate)			
Email Address:		Contact No.:	

or failing *him/her, THE CHAIRMAN OF THE MEETING, as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the **TWENTY-SIXTH ANNUAL GENERAL MEETING (26TH AGM)** of the Company to be conducted **virtually and live-stream** from the broadcast venue at Aquamarin Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan by using the Remote Participation and Electronic Voting ("**RPEV**") facilities via the meeting platform at <https://meeting.boardroomlimited.my> on Tuesday, 30 May 2023 at 10:00 a.m. and at any adjournment thereof.

If you wish to appoint other person/persons to be your proxy/proxies, kindly delete the words "or failing him/her, THE CHAIRMAN OF THE MEETING" and insert the name/names of the person/persons desired.

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two (2) proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

Ordinary Businesses		Resolution	For	Against
1	To re-elect Mr. Lim Chai Huat as a Director.	Ordinary Resolution 1		
2	To re-elect Ms. Karpanadevi A/P K R Somasundram as a Director.	Ordinary Resolution 2		
3	To approve the payment of Directors' Remuneration of RM695,000 for the financial period from 1 July 2023 until 30 June 2024.	Ordinary Resolution 3		
4	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company.	Ordinary Resolution 4		
Special Businesses				
5	To approve the Authority to Issue and Allot Shares.	Ordinary Resolution 5		
6	To approve the Proposed Renewal of Authority for the Company to Purchase its Own Shares.	Ordinary Resolution 6		
7	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 7		

* Delete if not applicable

Dated this day of 2023

.....
Signature/Common Seal of Shareholder

Number of shares held	:
CDS account no.	:
Telephone no.	:

Notes:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. **No shareholders/proxies shall be physically present at the broadcast venue.** The electronic means of conducting the meeting on a virtual basis will facilitate and enable all shareholders/proxies to participate fully in the proceedings by audio and/or video capabilities without the need to be physically present at the meeting venue.
2. The shareholders/proxies/corporate representative will have to register to attend the Twenty-Sixth Annual General Meeting ("**26th AGM**") remotely by using the Remote Participation and Electronic Voting ("**RPEV**") facilities according to the procedures as set out in the Administrative Details.
3. A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
4. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A notice of termination of proxy authority in writing would need to be given to the Company by writing to bsr.helpdesk@boardroomlimited.com, not less than forty-eight (48) hours before the time stipulated for holding the 26th AGM if the member would like to attend and vote at the meeting after lodging the proxy form.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, such member may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
8. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal ("**BSIP**") at <https://investor.boardroomlimited.com> (please refer to Section E of the Administrative Details for more details) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
9. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 19 May 2023 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

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CB INDUSTRIAL PRODUCT HOLDING BERHAD

[Registration No.: 199701013434 (428930-H)]

**c/o Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan**

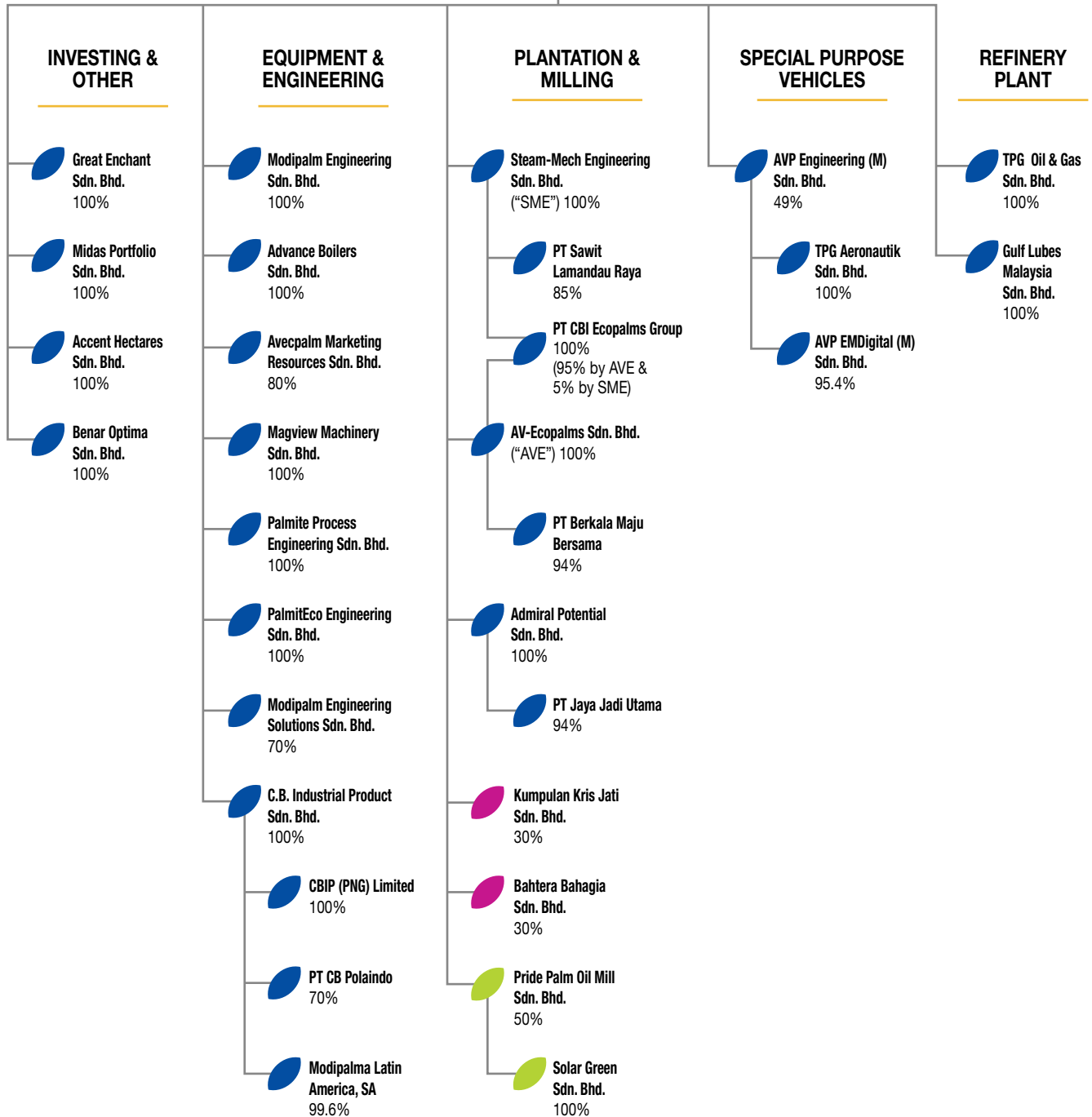
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CORPORATE STRUCTURE

AS AT 31 DECEMBER 2022



CB INDUSTRIAL PRODUCT HOLDING BERHAD





CB INDUSTRIAL PRODUCT HOLDING BERHAD

199701013434 (428930-H)

No. 1, Jalan Astaka U8/83, Section 8, Bukit Jelutong
40150 Shah Alam, Selangor, Malaysia

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