



WEGMANS

HOLDINGS BERHAD

Registration No. : 201701005154 (1219319 - D)
(Incorporated in Malaysia under the Companies Act 2016)



ANNUAL REPORT 2022



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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAN WAN SEONG

*Independent Non-Executive
Chairman*

LAW KOK LIM

Executive Director

FAAM CHANG POOH

Independent Non-Executive Director

KEH WEE KIET

Managing Director

MAZIAH BINTI MD YAMIN

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson

Faam Chang Pooh

Members

Chan Wan Seong
Maziah Binti Md Yamin

REMUNERATION COMMITTEE

Chairperson

Maziah Binti Md Yamin

Members

Chan Wan Seong
Faam Chang Pooh

NOMINATING COMMITTEE

Chairperson

Chan Wan Seong

Members

Maziah Binti Md Yamin
Faam Chang Pooh

COMPANY SECRETARIES

Ng Mei Wan

SSM Practicing Certificate

No.: 201908000801

MIA Member No.: 28862

Tan Hui Khim

SSM Practicing Certificate

No.: 201908000859

License Secretary No.: LS 0009936

REGISTERED OFFICE

No. 7 (1st Floor)

Jalan Pesta 1/1

Taman Tun Dr. Ismail 1

Jalan Bakri

84000 Muar, Johor

Tel : +606 954 1705

Fax : +606 954 1707

HEAD/MANAGEMENT OFFICE

Lot PTD 6967

Jalan Kempas 3

Kawasan Perindustrian Bakri

84200 Muar, Johor

Tel : +606 986 7897

Fax : +606 986 5117

Website : www.wegmans.com.my

E-mail address : info@wegmans.com.my

PRINCIPAL BANKERS

AmBank Islamic Berhad

HSBC Bank Malaysia Berhad

HSBC Amanah Malaysia Berhad

AUDITORS

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA)

& AF 1018

Chartered Accountants

No. 8, Jalan Pesta 1/1

Taman Tun Dr. Ismail 1

Jalan Bakri

84000 Muar, Johor

Tel : +606 952 4328

Fax : +606 952 7328

SHARE REGISTRAR

Tricor Investor & Issuing House

Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : +603 2783 9299

Fax : +603 2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

Stock Name : WEGMANS

Stock Code : 0197

CORPORATE STRUCTURE



WEGMANS
HOLDINGS BERHAD

100%

WEGMANS FURNITURE
INDUSTRIES SDN. BHD.

90%

WISON SCREW INDUSTRIES
SDN. BHD.

100%

WEGMANS WOODWORK
SDN. BHD.

100%

COLLINO DESIGNS
SDN. BHD.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Wegmans Holdings Berhad ("Wegmans" or "the Group") is a leading home furniture manufacturer that has more than two decades of experiences under its belt. The export-based manufacturer started its journey back in 1994, when it was initially involved in producing and supplying furniture parts to local furniture manufacturers. It then evolved to a home furniture manufacturer in 2000 and expanded into the overseas market in the following year.

Fast forward to 2018, Wegmans successfully listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 March 2018 and successfully transferred to the Main Market of Bursa Securities on 18 November 2019.

Presently, Wegmans Group's manufacturing plants are all located at Muar, Johor. All the Group's existing manufacturing plants are located in close vicinity for ease of administrative control over production costs as well as quality of their products, leading to quicker time-to market, more efficiency and greater economies of scale.

A majority of Wegmans' home furniture products are wood-based furniture, made from a variety of solid wood and composite wood materials such as the rubberwood, veneer board, laminated board and medium density fibreboard. Our Design & Development team competency is a key competitive edge as we offer original designs and concepts that could be customized swiftly according to market trends and/or client requirements. Wegmans's home furniture products are widely exported to businesses in the home furniture sector in more than 70 countries across 6 continents.

At Wegmans, we offer a wide range of home furniture across the dining room, living room and bedroom categories.

DINING ROOM

We manufacture a broad collection of upholstered fabric and non-upholstered dining chairs. We produce dining tables to complement our dining chairs.



LIVING ROOM

We manufacture a range of furniture items for our living room category such as sofas, coffee tables, lamp tables, console tables, sideboards and television cabinets.



BEDROOM

We manufacture a range of furniture items for our bedroom furniture such as bed frames, nightstands, dressing tables and wardrobes.



MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)



At Wegmans, our vision is to be a leading international furniture manufacturer that offers innovative and superior quality products. Guided by this statement, we are constantly innovating the way we conduct our business and ensure we deliver the best value-for-money products accompanied by the best service in the industry, right from design to delivery.

VISION

To be a leading international furniture manufacturer offering innovative and superior **Quality Products**.

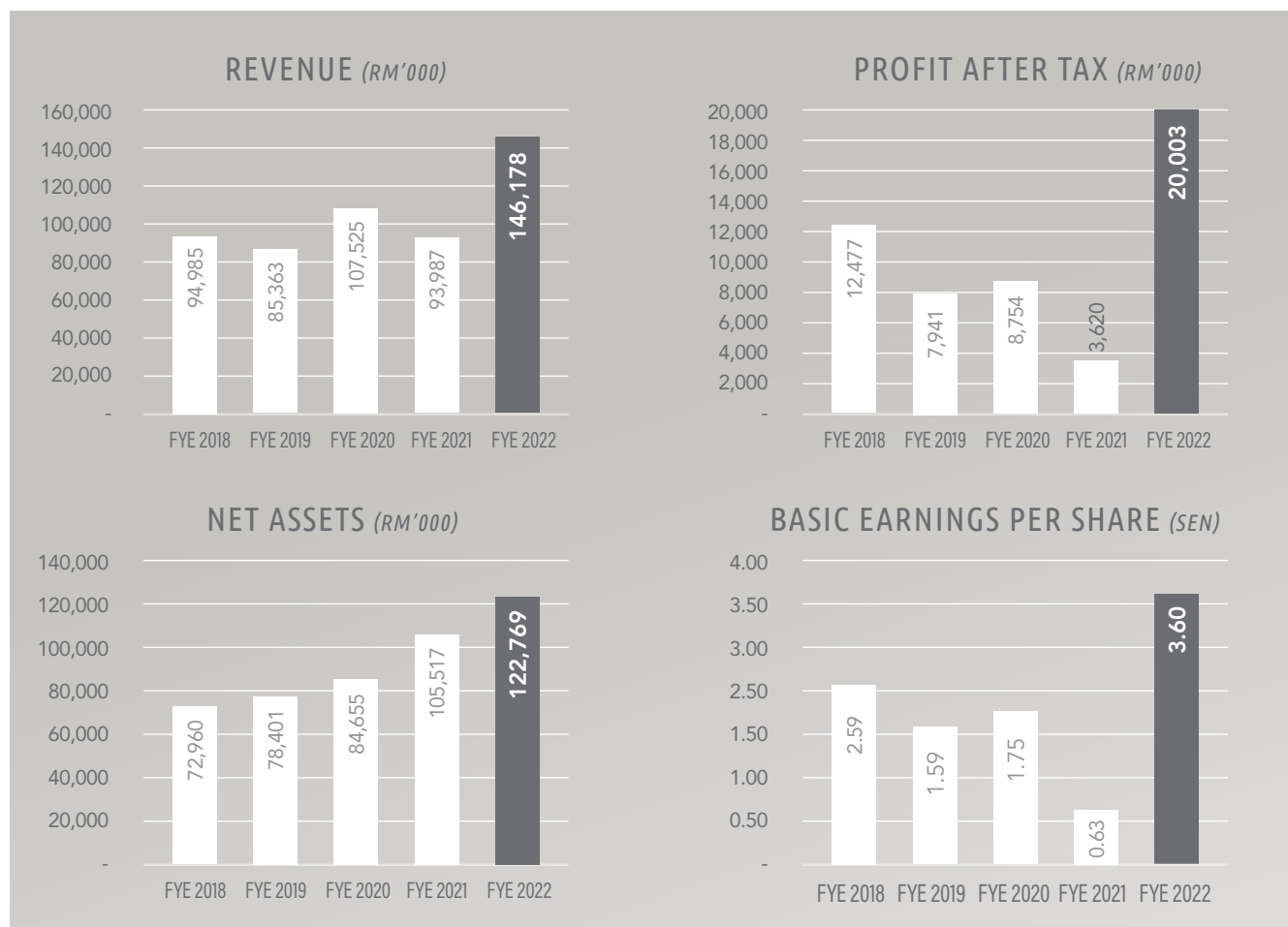
MISSION

To create **Value** for our customers through **Reliability** and **Flexibility**.

We want our customers to experience the warmth and comfort through **Respect** and **Trust**.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE REVIEW



FINANCIAL YEAR ENDED 31 DECEMBER ("FYE")	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	94,985	85,363	107,525	93,987	146,178
Profit before tax	11,605	9,632	10,095	5,167	22,409
Profit after tax	12,477	7,941	8,754	3,620	20,003
Equity attributable to owners of the Company	72,960	78,401	84,655	104,232	121,285
Net assets	72,960	78,401	84,655	105,517	122,769
Basic earnings per share (Sen)	2.59	1.59	1.75	0.63	3.60
Weighted average number of shares in issue ('000)	500,000	500,000	500,000	537,697	550,034

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVENUE

Our Group's business comprises two major manufacturing segments, namely furniture manufacturing and hardware manufacturing. Furniture manufacturing segment, encompasses the business of design, manufacture and sale of home furniture products. The hardware manufacturing segment, which involved in the business of manufacture and sale of screw, nuts and spare parts.

The contribution of revenue by manufacturing segment is as follows:

MANUFACTURING SEGMENT	2022 RM'000	2021 RM'000
Furniture manufacturing	129,551	80,229
Hardware manufacturing	16,627	13,758
TOTAL MANUFACTURING REVENUE	146,178	93,987

Our Group's consolidated revenue for the financial year ended 31 December 2022 ("FYE 2022") has increased by RM52.19 million or 55.53% to approximately RM146.18 million as compared to approximately RM93.99 million for the financial year ended 31 December 2021 ("FYE 2021"). The higher revenue was mainly attributed to the higher sales volume from North America, and absence of the implementation of Movement Control Order 3.0 in June 2021 which had caused the Group's operations suspended for 3 1/2 months for FYE 2021.

In terms of geographical breakdown, the North America market was the primary revenue contributor for Wegmans in FYE 2022, generating 61.85% of the Group's revenue at RM90.41 million against RM53.83 million in FYE 2021. Revenue from Malaysia stood at RM17.95 million, representing 12.28% of total revenue, making it the second largest top-line contributor to the Group after North America. This was followed by Asia excluding Malaysia, representing 11.02% of total revenue and Australasia, representing 7.25% of total revenue, with the remaining coming from other markets.



MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

PROFIT BEFORE TAX

Our Group registered a profit before tax of approximately RM22.41 million for FYE 2022 as compared to approximately RM5.17 million for FYE 2021. The higher profit before tax was mainly attributed to the higher revenue generated and strengthening of United States Dollar ("USD") against the RM whereby a majority of the Group's revenue are denominated in USD.

CAPITAL STRUCTURE AND RESOURCES

As for trade receivables, collection turnover was approximately 39 days, which was within the Group's normal trade credit terms of up to 120 days. Trade and other payables have decreased by RM7.69 million from approximately RM22.76 million as at 31 December 2021 to approximately RM15.07 million as at 31 December 2022.

Our Group carried a total of RM15.01 million in deposits, bank and cash balances as at 31 December 2022.

Our Group's borrowings as at 31 December 2022 stood at RM51.73 million, decrease of RM12.05 million compared to RM63.78 million as at 31 December 2021. The decrease was mainly due to the decreased utilisation of trade bills of approximately RM7.50 million and net repayment of term loans of approximately RM3.87 million. Our Group's gearing ratio was at 0.42 times compared to 0.60 times in FYE 2021.

Wegmans Group remains prudent in maintaining a healthy financial position that enables us to execute our strategic plans and continuously create value for Wegmans's shareholders.

During the current financial year, the Group continually invested in property, plant and equipment to cater for our future growth. The capital expenditures incurred for FYE 2022 amounted to RM6.12 million, which mainly included the acquisition of new automated machineries to improve the productivity and balance payment in construction of a new factory.

Known trends and events that are reasonably likely to have a material effect on the Group's operations, performance, financial condition and liquidity are those disclosed under risks relating to the business as set out on page 8 of this Annual Report.

ANTICIPATED OR KNOWN RISKS

Foreign currency exchange risks

Wegmans, as an export-based home furniture products manufacturer, is inevitably exposed to risks associated with movements in foreign exchange rates, especially the United States Dollar ("USD")/RM rate. The majority of our revenue is denominated in USD while purchases are mainly in RM. Hence, any significant change in the foreign exchange rates may affect Wegmans Group's financial results.

To minimise the risk exposure, Wegmans Group uses forward exchange contracts from time to time to hedge its foreign currencies. Additionally, the Group mitigates the foreign exchange risk via natural hedge whereby we pay our imported purchases with the payments received from our export sales.

Dependence on human capital

Human capital is paramount to the Group's continued success. As we strive to excel in this fast-changing industry, we need skilled craftsman and workers to handle our product development and production activities. Our operations and business expansion activities are dependent on the size of our workforce. Hence, we make continuous efforts to ensure that we carefully optimise our workforce at both administrative and production levels. To reduce our dependence on manual labour, Wegmans Group has implemented automation to our production processes where feasible.

Fluctuation in raw materials prices

The costs of key raw materials used are sensitive to shifts in commodity prices and they may fluctuate significantly due to supply-demand conditions. Wegmans Group's financial performance may be adversely affected if there are any significant increase in prices and if we are unable to pass through the incremental costs to customers.

With that in mind, we source our raw materials from multiple suppliers and our purchases are made upon receipt of confirmed orders from our customers. In this way, we would be able to minimise the impact of any material adverse price fluctuations.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)



Unfavourable economic, social and political conditions

Wegmans has market presence in more than 70 countries across 6 continents. In the event of any adverse change in the political, economic and regulatory environment and uncertainties in these countries, it could potentially impact our consumer sentiments and sales demand, and unfavourably affect Wegmans Group's financial and business prospects.

The furniture industry is particularly sensitive to cyclical variations in the general economy and to uncertainty regarding future economic prospects of the countries in which we export to. Economic downturns in these countries could affect consumer spending habits by decreasing the overall demand for home furniture products. Changes in interest rates, consumer confidence, new housing starts, existing home sales, the availability of consumer credit and broader national or geopolitical factors have particularly significant effects on our business.

Financial difficulties experienced by our customers could result in lower orders, shipment delays and inventory issues and thereafter risks to accounts receivable including delays in collection and greater bad debt expense. A downturn in the economies of these countries could also materially and adversely affect our ability to take advantage of market opportunities.

In view of this, Wegmans Group maintains a diversified customer base from various geographical markets to avoid being overly dependent on any single customer or market.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)



FUTURE PROSPECTS AND OUTLOOK OF THE GROUP

Wegmans Group does not have a dividend policy; however, it is the intention of the Board of Directors to consistently reward our shareholders. The Group's dividend payout is based on net cash availability upon planned allocation for investment, growth and working capital needs.

For the financial year ended 31 December 2022, the Group declared and paid an interim dividend of 0.50 sen per ordinary share amounting to RM 2.75 million on 19 September 2022.

The Group is operating in global economic uncertainties as well as facing increases in its production costs, and fluctuation in foreign exchange rates. The worsened global economic outlook, aggressive interest rate increases by major central

banks to combat inflationary pressures, ongoing geopolitical tensions together with labour supply restrictions and increase in wages will continue to put pressure on our operating costs. Notwithstanding this, the strengthening of USD against RM is expected to cushion the negative impact as majority of the Group's revenue are denominated in USD.

In view of the above, the Board will regularly review the performance and progress of the Group's operations and financial performance as well as introduce measures to minimise our operating costs.

The Board expects that the Group's operations for the financial year ending 31 December 2023 to remain profitable amidst a challenging business environment.

BOARD OF DIRECTORS' PROFILES



CHAN WAN SEONG

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Aged 69, Male, Malaysian

Chan Wan Seong was appointed to our Board on 29 May 2017. He is also the chairperson of our Nominating Committee and a member of our Audit and Risk Management Committee and Remuneration Committee. He graduated from Universiti Malaya in 1977 with a Degree in Bachelor of Economics (Hons), majoring in Business Administration.

He began his career in Malaysian International Merchant Bankers Berhad in March 1977 as a corporate finance officer and left the bank in 1981. In 1981, he joined the then Sungei Way Leasing Sdn Bhd as a leasing manager and left the company in 1982. In 1982, he joined the then Credit Leasing Corporation Sdn Bhd as a senior manager and was promoted to be a general manager before leaving this company in 1985. In 1985, he joined the Malaysian Head Office of Chung Khiaw Bank Limited (which was then a member of the United Overseas Bank Ltd, Singapore) as the head of its corporate banking unit.

In January 1989, he left Chung Khiaw Bank Limited and resumed his career in merchant banking by joining Arab-Malaysian Merchant Bank Berhad (currently known as AmInvestment Bank Berhad). In his 27-year career with the investment banking arm of the AmBank Group, he held various senior positions, amongst others, senior director of corporate and institutional banking and executive vice-president of wholesale banking. He has gained exposure in the areas of marketing, credit evaluation, loan structuring, credit risk management, debt and equity capital markets, mergers and acquisitions. He served as the executive vice-president of wholesale banking before retiring from the AmBank Group in March 2016.

Currently, he is also the Independent Non-Executive Director of Atrium REIT Managers Sdn Bhd, the management company of Atrium Real Estate Investment Trust, which is an entity listed on Bursa Malaysia Securities Berhad.

BOARD OF DIRECTORS' PROFILES

(CONT'D)



KEH WEE KIET

MANAGING DIRECTOR
Aged 53, Male, Malaysian

Keh Wee Kiet was appointed to our Board on 29 May 2017. He is responsible for our Company's strategic planning as well as overseeing the manufacturing operations for Wegmans Furniture Industries Sdn Bhd. ("Wegmans Furniture"). He completed the Senior Middle Three Unified Examination Certificate from Chung Hwa High School Muar, Johor in 1988.

After leaving high school, he began his career with Tokyo Byokane Pte Ltd, a screw manufacturer based in Singapore, as a trainee operator in January 1989. He was subsequently promoted as a skilled operator in June 1990 and left the company in December 1992. He took a break prior to joining Sern Kou Furniture Industries Sdn Bhd as a moulding operator in May 1993. He left the company in April 1994 to set up a partnership, namely Wegmans Trading in Muar, as a sub-contractor to manufacture and supply furniture parts for wooden dining chairs and sofas to local furniture manufacturers.

In 1999, the business operations of Wegmans Trading were transferred to Wegmans Furniture and he was appointed as the Managing Director of Wegmans Furniture. He is one of the founders of Wegmans Furniture and since then, he has been the driving force of our Group and has been instrumental in the growth and development of our Group. He had more than 29 years of hands-on experience in the furniture industry particularly in the home furniture segment and has accumulated various technical know-how and expertise in manufacturing operations and sales of home furniture products. In July 2018, he was appointed as the President of Muar Furniture Association and Federation of Johore Furniture Manufacturers And Traders Association; and Vice President of Malaysian Furniture Council and subsequently resigned from the above positions in May 2019.

As the Managing Director, he provides our Group with corporate vision and business strategies and is primarily responsible for the overall business, strategic planning and the entire operations of our Group. Under his vision and leadership, Wegmans Group has grown from a sub-contractor of furniture parts to home furniture manufacturer.

Currently, he is the director of Muar Chong Hwa Associated Chinese Schools.

BOARD OF DIRECTORS' PROFILES

(CONT'D)



COLLIN LAW KOK LIM

EXECUTIVE DIRECTOR

Aged 53, Male, Malaysian

Collin Law Kok Lim was appointed to our Board on 29 May 2017. He is currently responsible for overseeing our business development and Design and Development ("D&D") departments. He graduated from the State University of New York at Buffalo, USA with a Bachelor of Science in Electrical Engineering in 1993.

He began his career with SGS-Thomson Microelectronics Sdn Bhd in March 1993 as a senior automation engineer where he was responsible for, amongst others, designing hardware and software solutions for use in automation activities. He left the company in June 1997 and joined AEM-Tech Industries Sdn Bhd as a technical manager where he was involved in the development of software and electrical system for plating machines. In January 1998, he left the company and joined Chartered Semiconductor Manufacturing Ltd in Singapore, as a computer-integrated manufacturing manager. During his tenure with the company, he was responsible for, amongst others, the procurement, implementation, enhancement and maintenance of the computer integrated manufacturing systems, and strategic planning with regards to new software upgrades and releases.

Collin Law left the company in February 2005 and returned to his hometown at Muar, Johor and teamed up with Mr Keh Wee Kiet to run the furniture manufacturing business of Wegmans Furniture. He joined as the Executive Director of Wegmans Furniture to set up the sales and marketing department to secure customers directly and reduce our reliance on third party agents. In the same year, he was also instrumental in setting up our D&D team. He keeps abreast with the latest market developments globally by participating in international furniture trade exhibitions and events.

Currently, he does not hold any directorship in any other public companies and listed corporations.

BOARD OF DIRECTORS' PROFILES

(CONT'D)

MAZIAH BINTI MD YAMIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Aged 53, Female, Malaysian

Maziah Binti Md Yamin was appointed to our Board on 29 May 2017. She is also the chairperson of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nominating Committee. She attained her Bachelor of Laws from International Islamic University of Malaysia in 1993. She was admitted to the Malaysian Bar as an Advocate and Solicitor in 1994.

In February 1995, she commenced legal practice with Messrs Zuki Gandhi & Amin in Kuantan, Pahang as a litigation lawyer in the areas of banking and commercial law. She left Messrs Zuki Gandhi & Amin in February 1996 and joined Messrs Lin & Associates in Kuantan, Pahang in March 1996, where she led the litigation department, during which she gained much litigation experience in banking and commercial law.

In May 1999, she left Messrs Lin & Associates and joined Messrs Chee Siah Le Kee & Partners in Melaka as a litigation lawyer. She was later promoted as a partner of the firm in July 2003. During this time, she was principally involved in civil and commercial litigation, insolvency and receiverships as well as family law. She left Messrs Chee Siah Le Kee & Partners in August 2014 to establish her legal firm, namely Messrs Maziah & Partners in September 2014.

In June 2015, with the joining of an additional partner, the firm has changed its name to Messrs Maziah & Noorin. She left Messrs Maziah & Noorin on 1 November 2017 and is practising at her own legal firm, namely Messrs Maziah Md Yamin & Co. with effect from 6 November 2017 until 15 June 2018. She then joined the partnership in M/s Fadilah & Hood with effect from 16 June 2018 where she is now handling its branch office at Melaka. In addition, she has been appointed by the Advocates & Solicitors Disciplinary Board ("Disciplinary Board") as a member of the Disciplinary Committee Panel to hear disciplinary complaints against lawyers since February 2012. The Disciplinary Board was officially established in 1992 under Section 93 of the Legal Profession Act, 1976 and has jurisdiction over all lawyers, pupils and registered foreign lawyers for misconduct.

Currently, she is the Independent Non-Executive Chairwoman of H.S.S. Food Berhad.

FAAM CHANG POOH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Aged 51, Male, Malaysian

Faam Chang Pooh was appointed to our Board on 29 July 2020. He is also the chairperson of our Audit and Risk Management Committee and a member of our Nominating Committee and Remuneration Committee. He graduated with a bachelor degree of business with double majors in accounting and finance from the Edith Cowan University, Western Australia in 1996. He is a Chartered Accountant, a member of Malaysian Institute of Accountants and also member of Certified Practising Accountant, Australia.

He started his career with an audit firm, namely SC Lim & Co. in 1997. He gained working experience and exposure to various industries while rising through the ranks in audit profession over the years. He was promoted as an audit principal in 2005 during which the firm's name was changed to SC Lim, Ng & Co.. He has been admitted as audit partner of SC Lim, Ng & Co. since December 2019.

Currently, he is the Independent Non-Executive Director of H.S.S. Food Berhad.

Notes to Board of Directors' profile:

- None of the directors has any family relationship with any director and/or major shareholder of the Company;
- None of the directors has any conflict of interests with the Company;
- None of the directors has been convicted of any offence within the past 5 years or been imposed on any public sanction or penalty by relevant regulatory bodies for the FY 2022, other than traffic offences;
- The details of attendance of the directors at the board meetings are set out in the Corporate Governance Overview Statement on page 26 of this Annual Report; and
- The details of the directors' shareholdings in the Company are set out in the Analysis of Shareholdings on page 126 of this Annual Report.

PROFILES OF KEY SENIOR MANAGEMENT

KEH WEE KIET

MANAGING DIRECTOR

Keh Wee Kiet is one of the founders of Wegmans Furniture and since then, he has been the driving force of our Group and has been instrumental in the growth and development of our Group.

COLLIN LAW KOK LIM

EXECUTIVE DIRECTOR

Collin Law is the co-founder of Wegmans Furniture together with Keh Wee Kiet. He is responsible for overseeing our business development and D&D departments.

All the key senior management are also members of the Board. Their profiles are set out on pages 11 to 14 of this Annual Report.





SUSTAINABILITY STATEMENT

The Board of Directors ("Board") of Wegmans Holdings Berhad ("Wegmans" or "Company") is pleased to present our Sustainability Statement ("Statement") for the financial year ended 31 December 2022 ("FYE 2022"). Wegmans acknowledges the importance of conducting business in an ethical, socially responsible and environmentally friendly manner for continuing success and sustainable growth. Therefore, our Group focuses on sustainability principles when formulating and implementing business strategies to achieve its goals.

This Statement is prepared in accordance with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad.

The core of sustainability of our business is founded on ethical business practices and effective governance. Our Group's commitment towards management of material sustainability matters is focused and continuously improved by emphasising in the three (3) principal aspects namely Economic, Environment and Social ("EES").

SUSTAINABILITY GOVERNANCE STRUCTURE

Our Group has a Enterprise Risk Management Committee ("ERMC"), comprising key persons from all departments of the Group, to provide risk management support for the Group as a whole. With the advent of sustainability reporting, the ERMC takes on the additional oversight role of monitoring sustainability activities, where the relevant material sustainability matters are identified by the ERMC in tandem with the normal risk management initiatives. The ERMC report to the Audit and Risk Management Committee on the sustainability developments at least on an annual basis.

This Statement covers the sustainability performance of the Group and its subsidiaries from 1 January 2022 to 31 December 2022.

Sustainability Governance Structure



MATERIALITY

The materiality in relation to the sustainability of our business has been determined from the analysis of our internal documents, internal processes, peer reviews and our risk register. We review sustainability related risks periodically as part of our risk assessment to ensure we continue to address our key sustainability concerns.

SUSTAINABILITY STATEMENT

(CONT'D)

STAKEHOLDER ENGAGEMENT

The Group believes that maintaining a good degree of communication and understanding with all the internal and external stakeholders is highly essential in our journey to be a good corporate governance and reputable sustainable business entity. Hence, our Group recognises the need to conduct a continuous dialogue and information sharing with the relevant stakeholders in a timely, effective and transparent manner.

The ongoing engagement with our key stakeholder groups and their sustainability topics as well as the type of engagement and its frequency are listed as follows:

Stakeholder	Sustainability Topics	Type of Engagement	Frequency
Shareholders/ investors	Business performance; Timely disclosure of information; Corporate governance	Quarterly result; Annual report; Corporate Website; Annual General Meeting; Bursa announcement	Quarterly Annually On going Annually As required
Customers	Product design; Product quality; Operation in compliance with applicable laws and standards; Timely delivery of finished goods	In house product design and development; Stringent quality assurance process; Buyer quality control ("QC") inspection and buyer audit; Monitoring the production progress via weekly meeting update	On going On going On going On going
Suppliers	Supplier performance; Quality of supply	New supplier evaluation; Performance evaluation of approved suppliers; In coming QC checking on raw materials	On going Annually On going
Employees	Workplace safety; Career development and training	Training and development; Staff performance appraisal and review	On going Bi-annual
Government and regulators	Compliance with laws and regulations	Adhere to all laws and regulations; Compliance with local authorities; Policies and procedures; Participating in programme organised by government bodies	On going On going On going As required
Community	Commitment to corporate social responsibility	Sponsorship and donations; Participation in local community activities	On going On going

SUSTAINABILITY STATEMENT

(CONT'D)

MATERIAL SUSTAINABILITY MATTERS

The Group has identified the following material sustainability matters and taken the relevant measures in managing the material sustainability matters:

ECONOMIC

Our commitment is to generate long-term economic value for our shareholders and stakeholders including our customers, employees, suppliers, and the local communities.

Economic Performance

Our financial performance is of significant importance to our internal and external stakeholders alike where our sustainable growth allows us to strengthen partnership with customers and suppliers. We will continue to enhance our shareholders' value by maintaining a stable and long-term growth strategy.

Wegmans Group's financial performance is set out in the Management Discussion And Analysis and Financial Statements of this Annual Report on pages 4 to 10 and 51 to 124 respectively.

Quality Assurance

We are constantly innovating the way we conduct our business and ensure we deliver the best value-for-money products accompanied by the best service in the industry, right from design to delivery. We believe that our ability to consistently produce high quality products is one of the major factors of our success. We apply stringent QC in our production process and our quality management system is in line with ISO 9001:2015. With stringent QC at relevant stages of our production process, we are able to ensure product quality and minimise wastage and defects.

Suppliers

It is important to recognise our suppliers as strategic partners to build a long-lasting beneficial relationship. Our procurement decision making process are assessed and evaluated based on vendor's accountability, credibility, quality and economical pricing.

The majority of our raw materials are sourced locally, as closer proximity reduces the environmental impact on emissions related to supply chain transport and reduce transportation cost. In addition, we also believe sourcing locally will contribute to developing the local economy and generate more employment and job opportunities for the people and community.

Code of Ethics and Conduct, Anti-Corruption and Whistleblowing

It is the policy of the Group to conduct all its business in an honest and ethical manner and to act in good faith. We take a zero-tolerance approach against corruption, bribery, fraud and unethical conduct. Our Employees Code of Ethics sets out the Group's ethics policy that prohibits accepting or offering illegal payments or gifts. Employees are given a copy of the Code of Conduct and are required to acknowledge they have read and understood the Company's ethics policy. During the financial year under review, there were no known or reported incidents of corruption.

SUSTAINABILITY STATEMENT

(CONT'D)



The implementation of Whistle-Blowing Policy is to protect Wegmans's officers or stakeholders who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty. We continuously monitor our whistleblowing and other policies to prevent any improprieties such as corruption and money laundering activities.

Socio-Economic Compliance

We are committed to conducting our business in a lawful manner in compliance with applicable rules and regulations. During the financial year under review, there were no known or reported breaches or violations of socio-economic regulations.

ENVIRONMENTAL

We aim to reduce the environmental footprint of our operations and engage our employees to drive sustainable behaviours throughout our business. Reducing our environmental footprint not only aligns with our core values as a company, it also drives tangible benefits for our business through higher efficiencies and cost savings.

Waste Management and Pollution

We undertook to reduce our energy consumption, such as installation of Light Emitting Diodes (LED) downlights to replace older ones, maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency.

SUSTAINABILITY STATEMENT

(CONT'D)

The Group has encouraged all employees to practice reducing, reusing and recycling papers included two-sided papers are applied on daily printed documents and seeking alternative use for any materials or resources that may be applicable for different purposes within our business. The Group also encourage paperless working environment and practice online payment to suppliers, e-notification from human resource department to all employees and e-annual report to shareholders.

We aim to minimise the waste we generate in our operation, increase opportunities for reuse and recycling where possible, and responsibly dispose of the waste we generate. One of the common by-products from furniture manufacturing processes is dust emission. Dust emission could seriously affect the health and safety of workers, as well as impacting adversely the surrounding air quality. Hence, we have invested and installed the dust collector systems to maintain a safe and clean working environment. We also ensure regular maintenance of the dust collectors and other key equipment and machinery to mitigate occurrence of environmental pollution incidents. In compliance with environmental laws and regulations, we have appointed government-licensed waste contractors for removal and disposal of waste.

We are committed to complying with applicable environmental laws and regulations in countries where we have operations. During the financial year under review, there were no known or reported breaches or violations of environmental rules.

Energy Management

In line with global initiatives and efforts towards containing climate change and working towards a low-carbon economy, we have look into our energy usage and management to play our role as a responsible business. Our manufacturing sites consume most of our total energy consumption. In our office, warehouse and store, electricity is used for lighting, air conditioning, and equipment operation. Apart from electricity, we also use petrol and diesel.

For the financial year under review, our total electricity consumption is reported as follows. The overall increase in electricity consumption corresponds with our increase in revenue and production during FYE 2022, as compared to FYE 2021.

	FYE 2022	FYE 2021
Electricity consumption (kWh)	6,579,547	5,159,844

In the near future, we plan to install solar photovoltaic system at our factories to achieve efficiency in energy consumption across our operations and to manage and improve the Group's carbon footprint.

SOCIAL

Labour Practices

We are committed to provide and respect fundamental human rights and safeguard against violation of human rights. The freedoms enshrined in this include freedom from forced and child labour, adherence to minimum wages and fair compensation and provision of reasonable working hours per stipulated by Labour Law.

Employees are not restricted from unionising and are afforded the freedom of association per local laws and practice.

We obtained the PERAKUAN PENGINAPAN which is required by the Workers' Minimum Standards of Housing and Amenities Act 1990 (No. 446) from 2022 to 2025.

Employee Development

We consider our employees as valuable assets and treat all staffs with dignity, fairness and respect. Employees are given training to develop and upgrade their knowledge, skills and attitudes. Bi-annual employee performance appraisals give opportunities to all employees to review their own performance and provide platform for promotion and rising in hierarchy level.

SUSTAINABILITY STATEMENT

(CONT'D)

Diversity of Workforce

The Group believes that workforce diversity is an essential and contributory factor for succession planning as well as bringing in diverse perspectives in decision making. As such, the Group strives to provide employment opportunities to a diverse group of people, regardless of their age, gender, cultural background and race, while leveraging the diversity of employees to lessen dependence on specific groups and continuity for more elderly group of employees.

Our workforce diversity is shown as follows:

EMPLOYEE BY GENDER	FYE 2022	FYE 2021	FYE 2020
Male	91%	88%	89%
Female	9%	12%	11%
Total	100%	100%	100%

EMPLOYEE BY AGE GROUP	FYE 2022	FYE 2021	FYE 2020
< 30 years old	36%	33%	43%
30-50 years old	62%	64%	55%
> 50 years old	2%	3%	2%
Total	100%	100%	100%

Occupational Safety and Health

The safety of our people is our utmost priority. We have the fundamental responsibility and commitment to ensure that all employees work in a safe and healthy environment. A Safety and Health Committee has been set up to take charge of maintaining and reviewing of work practices and manufacturing processes to ensure a conducive workplace for all our employees. The ongoing training on health and safety is in place to ensure safe work practices are adhered to at all times. All hazardous waste is identified, labelled, segregated and disposed in accordance with the safety requirements and regulations.

Other initiatives to improve employees working conditions include provision of medical treatment, group personal accident insurance and subsidised transport allowance.

As a responsible company, we aim to have a positive impact on society. We provide resources, when necessary, in times of disaster and need.

We support and encourage our employees to volunteer, using their skills, resources and time, to worthy causes that make a difference in society. Our employees actively engage in Muar People's Charity Foundation in identifying and distributing funds to people in need.

Our reported injury cases from FYE 2020 to FYE 2022 are:

NUMBER OF REPORTED INJURY CASES	FYE 2022	FYE 2021	FYE 2020
- Slight	2	1	3
- Moderate	1	2	2
- Serious	-	-	-
Total	3	3	5

CONCLUSION

The Group's corporate responsibility is in relation to the economic, environmental and social aspects of its business operations. The Group will ongoing review and assess its sustainability risks and opportunities, with a focus on managing the material sustainability matters as well as identifying any emerging sustainability risks and opportunities that may affect or contribute to long-term value creation for stakeholders.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Wegmans Holdings Berhad ("Wegmans" or "Company"), having fully supported the principles and practices of the Malaysian Code on Corporate Governance ("Code") towards achieving corporate excellence, strives to ensure that the highest standards of corporate governance including accountability and transparency are practised by the Company and throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company and its subsidiaries (collectively referred to as "the Group").

The ensuing rules describe the extent to which the Group has complied and will comply with the principles and best practices of the Code for the financial year ended 31 December ("FYE") 2022. The Group's corporate governance practices will be continually reviewed and where there might be departures from the principles set out in the Code, efforts will be made to review these practices with a view to compliance.

The detailed application for each practice as set out in the Code is disclosed in the Corporate Governance Report ("CG Report") which is available on the corporate website: www.wegmans.com.my.

A) BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board has overall responsibility for the strategic direction of the Group. The Board meets regularly to review corporate strategies, operations and performance of business units within the Group. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The roles and responsibilities of the Board as set out in the Board Charter are clear and distinct from that of the Managing Director ("MD"). The matters reserved for the deliberation and collective decision of the Board to ensure the direction and control of the Group's businesses are listed in the Board Charter which is available on the corporate website: www.wegmans.com.my.

The Board has oversight on matters delegated to the Management whereby updates are periodically reported. All Board authority conferred on Management is delegated through the MD so that the authority and accountability of management is considered to be the authority and accountability of the MD so far as the Board is concerned.

Other than the MD, the Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. Towards this, the Board has delegated specific responsibilities to the following Board committees:-

- i. Audit and Risk Management Committee ("ARMC")
- ii. Nominating Committee ("NC")
- iii. Remuneration Committee ("RC")

The powers delegated to the Board Committees are set out in the Terms of Reference ("ToR") of each of the Committees as approved by the Board and set out in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

The Board Committees review matters within their ToRs and make recommendations to the Board for approval. The Board is kept apprised of the activities of the Board Committees through circulation meeting minutes of the Board Committees and updated on meeting deliberations and outcomes by the respective chairmen and/or chairpersons of the Board Committees at meetings. The ultimate responsibility for the final decision on the recommendations lies with the entire Board.

The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times. Aside from the key responsibilities as delineated in the Board Charter, each Board member is also expected to demonstrate and adhere with the following:

a. Time commitment

i. Attendance of meetings

Notwithstanding that no specific quantum of time has been fixed, each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company.

The Board ordinarily schedules four (4) meetings in a year. Board and Board Committee meetings are scheduled well in advance. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Each Board member is expected to achieve at least 50% attendance of total Board meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

To facilitate the Directors' time planning, an annual meeting calendar will be prepared and circulated to them before the beginning of each year. It will provide the scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting ("AGM"), major briefings to be conducted by the Company, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

There are four (4) Board meeting, four (4) ARMC meeting, two (2) NC meeting and two (2) RC meeting were scheduled during the financial year under review and the attendance record of the Directors at Board and Board Committee meetings as set out as follows:

Meeting Attendance	Board	ARMC	NC	RC
Chan Wan Seong	[^] 4/4	4/4	[^] 2/2	2/2
Keh Wee Kiet	4/4	-	-	-
Law Kok Lim	4/4	-	-	-
Maziah Binti Md Yamin	3/4	3/4	2/2	[^] 1/2
Faam Chang Pooh	4/4	[^] 4/4	2/2	2/2

[^] Chairman/Chairperson of the Board or Board Committees

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ii. New Directorships

Prior to the acceptance of new Board appointment(s) in other public listed companies ("PLC"), the Directors are to notify the Chairman and/or the Company Secretaries in writing which includes an indication of time that will be spent on the new appointment.

To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, a criteria as agreed by the Board is that they must not hold directorships at more than 5 PLCs as prescribed in Paragraph 15.06 of Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). As at the date of this Statement, none of the Directors has exceeded the limit.

b. Training

The Board takes a strong view of the importance of continuing education for its Directors and through NC, reviews annually the training needs of each Director as to ensure they are equipped with the necessary skills and knowledge to meet the challenges of the Board. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, each Director shall determine the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee.

All Directors appointed to the Board have undergone the Mandatory Accreditation Program prescribed by Bursa Securities. It is of the Company's intention that each new Director is given a comprehensive briefing on the Company's history, operations, financial control system, governance process and site visit to enable him/her to have first-hand understanding of the Company's operation. In this respect, an induction programme and/or briefing will be organised by the Management Team for a new Director.

The external auditors brief the Board members on any changes to the Malaysian Financial Reporting Standards ("MFRS") that affect the Group's financial statements during a particular year. In addition, the Board is briefed at every Board meeting on any significant changes in laws and regulations that are relevant by the Company Secretaries. The Directors are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, either at the Company's expense or through self-reading.

During the financial year under review and up to the date of this Statement, the Directors attended various external programs, which included the following:

Board members	Courses/Training Programmes Attended
Chan Wan Seong	<ul style="list-style-type: none"> i) Advocacy sessions for directors and senior management of Main Market listed issuers; and ii) How the audit committee and auditors can work together towards reliable audited financial statements.
Keh Wee Kiet	<ul style="list-style-type: none"> i) Advocacy sessions for directors and senior management of Main Market listed issuers; and ii) 2023 budget webinar.
Law Kok Lim	<ul style="list-style-type: none"> i) Advocacy sessions for directors and senior management of Main Market listed issuers; and ii) 2023 budget webinar.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board members	Courses/Training Programmes Attended
Maziah Binti Md Yamin	<ul style="list-style-type: none"> i) Seminar Pemantapan Pesuruhjaya Sumpah Malaysia; ii) Advocacy sessions for directors and senior management of Main Market listed issuers; iii) Wacana pengurusan pusaka "Akta Pusaka Kecil dan Pembahagian (Pindaan 2022)"; iv) Literasi undang-undang; and v) My professional indemnity insurance.
Faam Chang Pooh	<ul style="list-style-type: none"> i) Of the board, board committee and individual director; ii) Covid 19, going concern and impairment; iii) Practical issues and fair value measurements; iv) Mastering the principles of deferred taxation; and v) National tax conference 2022.

c. Conflict of interest and related party transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions (if any) will be submitted to the ARMC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

1.2 The Chairman of the Board

The Chairman of the Board holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. He is committed to good corporate governance practices and to lead the Board towards a high performing culture.

The Chairman will act as facilitator at meetings of the Board and ensure that no Board member, whether Executive or Non-Executive, dominates the discussion, and that appropriate discussion takes place and that the relevant opinions among the members of the Board are forthcoming. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management. He also chairs the meetings of the Board and the shareholders.

1.3 Chairman and MD

The positions of Chairman and MD are held by two different individuals. The distinct and separate roles of the Chairman and MD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The MD oversees the day-to-day management and running of the Group and the implementation of the Board's decisions and policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The key roles and accountabilities of the Chairman and MD are set out in the Board Charter which is available on the corporate website: www.wegmans.com.my.

1.4 Qualified and competent Company Secretaries

The Company Secretaries of Wegmans have the requisite credentials, and are suitably qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). The Company Secretaries play a significant role in supporting the Board to ensure that all governance matters and Board procedures are followed and that the applicable laws and regulations and the Code are complied with. These include obligations of Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group.

The key roles of the Company Secretaries are set out in the Board Charter which is available on the corporate website: www.wegmans.com.my.

1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries as well as to all information within the Group. Senior Management provides Directors with the required information or updates either personally or at meetings. All Directors are furnished with a comprehensive Board paper including the meeting agenda usually one (1) week before each Board meeting.

Sufficient time is given to enable the Directors to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive. The Board papers includes, amongst others, financial results and forecasts, status of major projects (if any), minutes of meetings of the Board and of the ARMC and other major operational, financial, compliance and legal issues. In addition, there is a schedule of matters reserved specifically for the Board's decision.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, approvals will be obtained via circular resolutions which are supported with information necessary for an informed decision.

Individual Directors may also obtain independent professional or other advice in furtherance of their duties at the Company's expense on specific issues, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. Wherever necessary, consultants and experts will be invited to brief the Board on their areas of expertise or their reports.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter was adopted by the Board on 29 May 2017. Any subsequent amendment to the Board Charter can only be approved by the Board. Apart from setting out the roles and responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, Board and member assessment and shareholders' communication.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the corporate website: www.wegmans.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

3. Good Business Conduct and Corporate Structure

3.1 Code of Ethics and Conduct

The Board is committed to maintain a corporate culture which engenders ethical conduct. A Code of Ethics is formalised through the Company's Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Ethics will be reviewed periodically.

The Code of Ethics is set out in the Board Charter and is available on the corporate website: www.wegmans.com.my.

3.2 Whistle-Blowing Policy

The Board also has a separate Whistle-Blowing Policy stating the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of such policy is in line with Section 587 of the Act where provisions have been made to protect Wegmans's officers or stakeholders who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.

The Whistle-Blowing Policy is set out in the Board Charter and is available on the corporate website: www.wegmans.com.my.

3.3 Anti-Bribery and Corruption Policy

The Group has adopted a zero-tolerance policy against all forms of bribery and corruption. The anti-bribery and corruption policy and guidelines elaborate upon those principles, providing guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The Anti-Bribery and Corruption Policy is available on the corporate website: www.wegmans.com.my.

3.4 Directors' Fit and Proper Policy

The Board has adopted a fit and proper policy for the appointment of Directors of the Company. This Policy will enhance the governance of the Company in relation to the Board's quality and integrity, as well as ensure that each of its directors has the character, experience, integrity, competence, time and commitment to effectively discharge his/her role as a director. The Board shall ensure that the fit and proper criteria on the appointment of directors of the Company are applied on a continuing basis. The Board and the Nominating Committee shall conduct the fit and proper assessment prior to the appointment and re-election of any candidate as a director.

The Directors' Fit and Proper Policy is available on the corporate website: www.wegmans.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

4. Sustainability measure to support the Company's long term strategy and success

4.1 Strategic Management of Material Sustainability matters

Wegmans acknowledges the importance of conducting business in an ethical, socially responsible and environmentally friendly manner for continuing success and sustainable growth. Therefore, our Group focuses on sustainability principles when formulating and implementing business strategies to achieve its goals.

The core of sustainability of our business is founded on ethical business practices and effective governance. Our Group's commitment towards management of material sustainability matters is focused and continuously improved by emphasising in the three (3) principal aspects namely Economic, Environment and Social ("EES").

Our Group has a Enterprise Risk Management Committee ("ERMC"), comprising key persons from all departments of the Group, to provide risk management support for the Group as a whole. With the advent of sustainability reporting, the ERMC takes on the additional oversight role of monitoring sustainability activities, where the relevant material sustainability matters are identified by the ERMC in tandem with the normal risk management initiatives. The ERMC report to the ARMC on the sustainability developments at least on an annual basis.

4.2 Delivery of Sustainability Consideration to Stakeholders

The Group believes that maintaining a good degree of communication and understanding with all the internal and external stakeholders is highly essential in our journey to be a good corporate governance and reputable sustainable business entity. Hence, our Group recognises the need to conduct a continuous dialogue and information sharing with the relevant stakeholders in a timely, effective and transparent manner.

The details pertaining to the stakeholder engagement are set out in the Sustainability Statement of this Annual Report on pages 18 to 23.

PART II - BOARD COMPOSITION

5. Board's objectivity

5.1 Composition of the Board

Currently, the Board has five (5) members as set out below:

Name	Independent	Non-Executive
Chan Wan Seong	√	√
Keh Wee Kiet	x	x
Law Kok Lim	x	x
Maziah Binti Md Yamin	√	√
Faam Chang Pooh	√	√
	3/5	3/5

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board comprises a majority of Independent Directors, representing 60% of the Board. In addition, the Company also complies with the Listing Requirements of Bursa Securities for Independent Non-Executive Directors to make up at least one-third (1/3) of the Board membership. This fairly reflects the investment by minority shareholders through Independent Directors.

The Board comprises members from various professions with individual personalised quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives. With the age of the Directors ranging from 51 to 69, the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. The Board will continue to monitor and review the Board size and composition as may be needed.

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board is of the opinion that given the strong independent element of the Board, any concern regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the principal place of business address or a dedicated electronic mail, info@wegmans.com.my and such concerns will be reviewed and addressed by the Board accordingly.

5.2 Tenure of Independent Director

As at the date of this Statement, none of the Independent Directors has reached nine (9) years of service since their appointment as Directors. Their tenure of service is set out in the Profile of Directors and Key Senior Management of this Annual Report on pages 11 to 15.

5.3 Policy of Independent Director's Tenure

The Board has implemented a nine-year policy for Independent Non-Executive Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director was to be retained as an Independent Director, the Board would have to justify in the notice convening the AGM and seek shareholders' approval the retention of such Independent Director through a two-tier voting process at every AGM.

5.4 Diverse Board and Senior Management Team

Appointment of Board and Senior Management is based on objective criteria, merit and besides gender diversity, due regard is placed for diversity in skills, experience, age and cultural background. Please refer to the Board of Directors' Profiles and Profiles of Key Senior Management of this Annual Report on pages 11 to 15 for further information.

5.5 Gender Diversity

The Board is supportive of the gender boardroom diversity recommended by the Code. The Board currently has 20% female representation, i.e. 1 female director who is the Independent Non-Executive Director and was in line with Paragraph 15.02(1)(b) of the Listing Requirements of Bursa Securities. The Board, through the NC will continuously review the proportion of the female and male Board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required by the members of the Board, in the context of the needs of the Company.

The Board shall be responsible for recommending its members for election by the Shareholders.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

5.6 New Candidates for Board Appointment

The screening and evaluation process for potential candidates to be nominated as Directors are delegated to the NC.

The process involves the NC's consideration and submission to the Board of its recommendation of suitable candidates from either the Management, the existing Board member(s) or major shareholder(s) for the proposed appointment as Directors of the Company. The NC may also obtain and rely upon independent sources such as a directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. If the selection of candidates was solely based on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the NC will explain why other sources were not used.

The criteria to be used in the appointment process to the Board of Directors largely focuses on ensuring a good mix of skills, experience and strength in the qualities that are relevant for the Board to discharge its responsibilities in an effective and competent manner.

The other factors considered by the NC in its review include the candidates' ability to spend sufficient time and commitment on the Company's matters, the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism, as well as having a balanced mix of age and diversity of Directors on the Board. The Board diversity factor as reviewed by the NC includes experience, skills, competence, race, gender, culture and nationality, to facilitate optimal decision-making by harnessing different insights and perspectives.

The shortlisted candidates who are not known to the existing Board members, will be interviewed by the NC and thereafter, will met with the Board of Directors for endorsement of appointment.

5.7 NC

The NC was established on 29 May 2017 with clearly defined ToR, and comprises three (3) Non-Executive Directors of whom all are Independent Directors. The NC shall meet as and when required upon request by the members, provided that the NC shall meet at least once a year. The ToR of the NC is set out in the Board Charter and is available on the corporate website: www.wegmans.com.my.

The NC will review the tenure and performance of each director, where annual re-election of a director would be contingent on satisfactory evaluation of the director's performance and contribution to the Board.

The NC's key responsibilities are as follows:

- Formulated the nomination, selection and succession policies for the members of the Board and Senior Management;
- Made recommendations to the Board on re-election/reappointment of Directors to the Board at AGM;
- Review the required mix of skills, experience and other qualities of the Board as well as boardroom diversity;
- Review the term of office and performance of the ARMC and each of its members and other Board Committees established by the Board annually;
- Establish a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, and reviewing the performance of the members of the Board;
- Assess the independence of Independent Directors annually; as well as
- Review the Directors' continuing education programmes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

6. Overall Board Effectiveness

6.1 Annual evaluation

The Board's effectiveness will be assessed in the following key areas of composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance of the Chairman and MD, the time commitment in discharging their role and responsibilities through attendance at their respective meetings as well as the application of good governance principles to create sustainable shareholder's value.

The Board will undertake an annual assessment of Independent Directors as to justify whether they continue to bring independent and objective judgement to board deliberations. Peer and self-assessment will be carried out by the Directors once every year. The results, in particular the key strengths and weaknesses identified from the evaluation, will be shared with the Board to allow enhancements to be undertaken.

The Company Secretaries will facilitate the NC in carrying out the annual assessment exercise. Given the evaluation and annual assessment exercise will be extensively conducted via the ARMC evaluation questionnaire, Independent Directors' evaluation form, board and board committees evaluation form, board members' self and peer evaluation form, directors' evaluation form.

Based on the annual assessment conducted, the NC was satisfied that the existing Board composition and each Director possess requisite competence and capability to serve on the Board. Save for the NC members who are also members of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NC members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

As for the Board evaluation, the NC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively.

PART III - REMUNERATION

7. Level and Composition of Remuneration

7.1 Remuneration policy

The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Directors and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The remuneration policy is set out in the Board Charter and is available on the corporate website: www.wegmans.com.my.

The remuneration payable to Non-Executive Directors is in respect of Directors' fees paid to Independent Non-Executive Directors only and also includes fees for Chairman/Chairperson and members of the Board Committees, who are Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

7.2 RC

The RC was established on 29 May 2017 with clearly defined ToR and comprises three (3) Non-Executive Directors of whom all are Independent Directors. It is chaired by an Independent Non-Executive Director. The ToR of the RC is set out in the Board Charter and is available on the corporate website: www.wegmans.com.my.

The RC is responsible for setting and reviewing policies and procedures on matters relating to the remuneration of the Board and Senior Management.

The RC evaluates the remuneration packages of Senior Management and recommends for the Board's approval, the framework of executive remuneration of the Executive Director's remuneration package. To uphold the corporate governance and public confidence in the Company, Executive Directors should not be involved in deciding their own remuneration. In addition, Directors who are shareholders should abstain from voting at general meetings to approve their fees.

Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his/her fee.

8. Remuneration of Directors and Senior Management

8.1 Details of Directors' Remuneration

The remuneration payable in respect of Directors' fees for year 2022 which is subject to the approval of shareholders of the Company, consists of fixed fees and meeting allowance, based on the number of meetings they are attending for a year.

8.2 Remuneration of Directors

The details of the remuneration received and receivable by the Directors of the Company and the Group for FYE 2022 are as follows:

Company

Directors	Salaries and bonus (RM)	EPF, SOCSO and EIS contribution (RM)	Director fee (RM)	Meeting allowance (RM)	Benefits-in-kind (RM)	Total (RM)
<u>Executive Directors</u>						
Keh Wee Kiet	-	-	39,600	2,800	-	42,400
Law Kok Lim	-	-	39,600	2,800	-	42,400
<u>Non-executive Directors</u>						
Chan Wan Seong	-	-	52,800	2,800	-	55,600
Maziah Binti Md Yamin	-	-	39,600	2,100	-	41,700
Faam Chang Pooh	-	-	36,000	2,800	-	38,800
Grand Total	-	-	207,600	13,300	-	220,900

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Group

Directors	Salaries and bonus (RM)	EPF, SOCSO and EIS contribution (RM)	Director fee (RM)	Meeting allowance (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors						
Keh Wee Kiet	780,800	82,699	39,600	2,800	28,000	933,899
Law Kok Lim	780,800	82,699	39,600	2,800	28,000	933,899
Non-executive Directors						
Chan Wan Seong	-	-	52,800	2,800	-	55,600
Maziah Binti Md Yamin	-	-	39,600	2,100	-	41,700
Faam Chang Pooh	-	-	36,000	2,800	-	38,800
Grand Total	1,561,600	165,398	207,600	13,300	56,000	2,003,898

8.3 Remuneration of Senior Management

The Group is aware of the importance of transparency in disclosing the remuneration of its senior management. However, in view of the confidentiality and sensitivity of each remuneration package, and concerns over poaching by competitors and head hunters, to the best interest of the Group, the Board opt not to disclose the remuneration of senior management.

B) EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - ARMC

9. Effective and Independent ARMC

9.1 The chairperson of the ARMC is not the Chairman of the Board

The positions of Chairperson of the ARMC and the Board are held by two (2) different individuals. Hence, the objectivity of the Board's review of the ARMC's findings and recommendations will be preserved. The Board is of the view that the chairperson of the ARMC has performed the duties as defined and his judgment was not impaired as he is sufficiently independent from Management in leading the discussion on the matters being deliberated and findings as well as recommendations made by the ARMC objectively in the Board meetings.

9.2 Cooling-off period for a former audit partner to be appointed as ARMC member

The ARMC has adopted a 3-year cooling-off period policy for a candidate who is a former audit partner before being appointed as a member of the ARMC.

However, the said policy currently does not apply to the ARMC given that none of the ARMC nor Board members is a former audit partner as at the date of this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

9.3 Policies and procedures for assessment of suitability, objectivity and independence of external auditors

The ARMC maintains a transparent and professional relationship with the external auditors of the Company. The external auditors fill an essential role by enhancing the reliability of the Company's annual audited financial statements and giving assurance to stakeholders of the reliability of the annual audited financial statements. The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management; and if necessary, to the ARMC and the Board.

The ARMC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors. The terms of engagement for services provided by the external auditors are reviewed by the ARMC prior to submission to the Board for approval. Feedback based on the assessment areas is obtained from the ARMC, the Executive Director, the internal auditors and Senior Management and the Heads of Department ("HoD").

The ARMC undertakes an annual assessment of the suitability and independence of the external auditors in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants ("MIA"). Only non-audit services which are able to provide clear efficiencies and value-added benefits to the Group and do not impede the external auditors' audit works will be accepted by the ARMC.

On the other hand, the ARMC also seeks written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the MIA. The external auditors provide such declaration in their annual audit plan presented to the ARMC prior to the commencement of audit for a particular financial year.

Further details on the activities undertaken by the ARMC are set out in the ARMC Report of this Annual Report on pages 42 to 45.

9.4 ARMC composition

The ARMC comprises three (3) Non-Executive Directors of whom all are Independent Directors. On the composition, please refer to the Corporate Information of this Annual Report on page 2.

The Board is of the view that the ARMC is able to assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards.

9.5 Continuous professional development

The ARMC chairperson, Faam Chang Pooh together with all ARMC members, reviewed the Company's financial statements and annual audited financial statements in the presence of external auditors, prior to recommending them for the Board's approval and issuance to stakeholders.

To assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards, all the ARMC members will undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board, through the recommendation of the NC and with the exception of the Directors who are also ARMC members is generally satisfied that all the ARMC members are financially literate, competent and have sufficient understanding of the Company's business.

Further details on the external programs attended by the ARMC are set out in this Statement of this Annual Report on pages 27 to 28.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10. Effective Risk Management and Internal Control Framework

10.1 Sound framework to manage risks

The Board is updated on the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. On-going reviews are performed throughout the year on a quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Company's Management Team as well as the Group's independent and sufficiently resourced internal audit function. The findings of the internal audit function are regularly reported to the ARMC.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report on pages 42 to 45 and page 46 to 49 respectively.

10.2 Implementation of mitigating measures

The responsibilities of identifying and managing risks are delegated to the HoD. The ARMC is responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The ARMC will assist the Board in implementing and overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

11. Effective Governance, Risk Management and Internal Control

11.1 Internal Audit Function

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility to the ARMC for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

On-going reviews will be performed by ARMC throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The Company also outsources the internal audit function to an independent assurance provider ("Internal Auditors") to provide an independent appraisal over the system of internal control of the Group to the ARMC.

11.2 Competency of internal auditors

To ensure that the responsibilities of internal auditors are fully discharged, the ARMC shall review the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the internal auditors on a yearly basis.

The internal auditors, Tricor Axcelasia Sdn Bhd, carry out the internal audit reviews independently in accordance with a recognised framework. Prior to the commencement of internal audit assignments, the internal auditors also seeks written assurance from those involved, confirming that they do not have any relationships or conflict of interest with the Company, which could impair their independence and objectivity throughout the conduct of the audit engagement. The internal auditors provide such declaration in their annual audit plan presented to the ARMC prior to the commencement of internal audit assignment for the ensuing year. Premised on such declaration, feedback from the Management Team as well as performance assessment conducted by the ARMC, the ARMC will consider whether to continuously outsource the internal audit function to internal auditors in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system.

An overview of the state of internal controls function within the Group, which includes the risk and key internal control structures, are set out in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report on page 42 to 45 and page 46 to 49 respectively.

C) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

12. Continuous Communication between Company and Stakeholders

12.1 Effective, transparent and regular communication with its stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements of Bursa Securities. The annual reports, press releases, quarterly results, annual audited financial statements and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Executive Director is the designated spokesperson for all matters relating to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board. The Group maintains a corporate website: www.wegmans.com.my for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, frequently-asked questions (FAQs) and updates on its various sponsorships and promotions. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's corporate website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS

13. Strengthen relationship between the Company and shareholders

13.1 Encourage shareholder participation at general meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. At every AGM, the Board sets out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent Question & Answer ("Q&A") session wherein the Directors, Company Secretaries, HoD as well as the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.

The notice of AGM is dispatch to shareholders at least twenty eight (28) days before the AGM. This would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights in voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day. Minutes of the AGM are made available on the corporate website : www.wegmans.com.my within thirty (30) business days from the date of the AGM.

13.2 Effective communication and proactive engagements

All the Directors endeavoured to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the fifth AGM.

During the fifth AGM, the Directors and Management joined the shareholders together with a dedicated team of employees to assist the shareholders on the queries raised. The proceedings of the fifth AGM included the Chairman's briefing on the Company's overall performance for FYE 2021, the presentation of the external auditors' unqualified report to the shareholders, and Q&A session during which the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting before putting a resolution to vote. The Chairman will share the Company's responses to questions posed by the Minority Shareholders Watchdog Group, if any before engaging the shareholders on Q&A session.

13.3 Facilitate greater shareholder participation at general meetings

Under Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is vote by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Company will always make sure that its general meeting is to be held at an accessible location but not in remote areas in order to encourage shareholders to attend and participate in the meeting. Having considered that the shareholder base of the Company is not that large, the Board is of the view that there is no immediate need for the Company to leverage on technology to facilitate electronic poll voting and remote shareholder participation at this juncture of time.

The Board will consider leveraging on technology to facilitate voting in absentia from time to time, to more fairly reflect shareholders' views and to ensure accurate and efficient outcomes of the voting process.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, Crowe Malaysia PLT in relation to the audit and non-audit services rendered to the Company and its subsidiaries for FYE 2022 are as follows:

	The Company RM ('000)	The Group RM ('000)
Audit fees	25	92
Non audit fees	5	5

3. MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

COMPLIANCE STATEMENT

The Board shall continue to strive for high standards of corporate governance throughout the Group. The Board considers and is satisfied that save and except for the several of the Practices which are departure and/or not adopted as disclosed herein and in the CG Report, the Company has in all material aspects satisfactorily complied with the principles and recommendations of the Code, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout FYE 2022.

This Statement is made in accordance with the resolution of Board dated 18 April 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The Audit and Risk Management Committee ("ARMC") of Wegmans Holdings Berhad ("Wegmans" or "the Company"), comprises three (3) members who are Independent and Non-Executive Directors. The current composition meets the requirement of paragraph 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as Step Up 9.4 of the Malaysian Code on Corporate Governance. Should there be a vacancy in the ARMC resulting in the non-compliance of paragraph 15.09(1) and 15.10 of the Listing Requirements of Bursa Securities, the Company must fill up the vacancy within three (3) months thereof. The ARMC composition and the attendance records are outlined in the Corporate Information and Corporate Governance ("CG") Overview Statement in this Annual Report on page 2 and pages 25 to 41 respectively.

The Term of Reference ("ToR") will be reviewed periodically or as and when required by the ARMC and recommendation will be made to the Board for approval on any revision. The ToR of the ARMC is set out in the Board Charter and is available on the corporate website: www.wegmans.com.my.

The ARMC held four meetings during the financial year ended 31 December 2022. The members of the ARMC and the record of their attendance are as follows:

	Numbers of meetings attended
Faam Chang Pooh (<i>Independent Non-Executive Director – Chairperson</i>)	4/4
Chan Wan Seong (<i>Independent Non-Executive Chairman – Member</i>)	4/4
Maziah Binti Md Yamin (<i>Independent Non-Executive Director – Member</i>)	3/4

OTHER MATTERS

The related party transactions including recurrent related party transactions of a revenue and trading nature entered into by the Group will be reviewed by the ARMC to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the Listing Requirements of Bursa Securities and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders. If any matter reported by the ARMC to the Board of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the ARMC shall promptly report such matter to Bursa Securities.

The ARMC noted that there was neither related party transactions nor recurrent related party transactions of a revenue and trading nature entered into by the Group during the financial year under review.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

The ARMC's activities during the financial year under review and up to the date of this Report encompassed the following:

Activities with regards to external audit:

- review of external audit approach, areas of audit emphasis and audit plans based on the external auditors' presentation of audit planning memorandum;
- review of external audit results, key audit findings and audit report based on the external auditors' presentation of audit review memorandum;
- review and evaluation of factors relating to the independence of the external auditors. The ARMC worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
- consideration and recommendation to the Board for the approval of the audit fees and non-audit fees payable to the external auditors;
- review of the performance, competency and professionalism of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- having a private session with external auditors where the external auditors were given opportunities to raise any matters without the presence of management staff and the executive board members.

Activities with regards to internal audit:

- review of internal audit's resource requirements, scope, adequacy and function;
- review of two years internal audit plans and scope of coverage;
- review of internal control review report, recommendations and Management's responses as well as discussion on improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors with the Management Team in a separate forum;
- suggestion on additional improvement opportunities in the areas of internal control, systems and efficiency improvement; and
- review of the performance and competency of the internal auditors.

Activities with regards to financial statements:

- review annual report and audited financial statements of the Company prior to submission to the Board's for their perusal and approval as to ensure the financial statements drawn up in accordance with the requirements of the Companies Act 2016 ("the Act") and the applicable approved accounting standards approved by Malaysian Accounting Standards Board ("MASB");
- review of the Group's compliance with the Listing Requirements of Bursa Securities, Malaysian Financial Reporting Standards and other relevant legal and regulatory requirements with regards to the quarterly financial statements and annual audited financial statements; and
- review of the unaudited quarterly financial results announcements before recommending them for Board's approval, focusing particularly on:
 - o any change in accounting policies and practices
 - o significant adjustments arising from the audit
 - o the going concern assumption
 - o compliance with applicable financial reporting standards and other legal requirements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

Activities with regards to internal control and risk management:

- assessment on the resources and knowledge of the Management and employees involved in the system of internal controls and risk management process;
- monitoring of key principal risks and identification and assessment of new principal risks which may affect the Group directly or indirectly and if deemed necessary, recommendation of additional course(s) of action to mitigate such risks;
- monitoring and communication of the risk assessment results to the Board;
- assessment on the actual and potential impact of any failure or weakness of the internal controls in place; and
- monitoring of the enterprise risk management framework implementation and review on adequacy and effectiveness thereof from time to time.

Other activities:

- review of its ToR periodically and recommendation to the Board on revision, if necessary;
- discussion on summary of assessment on the performance and effectiveness of ARMC and its members;
- review of ordinary dividend payment, related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or code of conduct that may raise concern or question of management's integrity;
- review of pertinent issues of the Group which have a significant impact on the results of the Group including enhancement and investment in existing products, cost rationalisation measures and human resource development;
- review of application of Corporate Governance principles and the extent of the Group's compliance with the best practices set out under with the Malaysian Code for Corporate Governance; and
- review of the CG Overview Statements, CG Report, ARMC Report and the Statement on Risk Management and Internal Control for adoption by the Board.

INTERNAL AUDIT ("IA") FUNCTION

The purpose of the IA function is to provide the Board, through the ARMC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. The ARMC reviews the Group's state of compliance with established principles and practices, as well as the relevant statutory requirements.

To provide an independent appraisal over the system of internal control of the Group to the ARMC, the Company outsources the internal audit function to an independent assurance provider. To ensure that the responsibilities of internal auditors are fully discharged, the ARMC reviews the adequacy of the scope, functions and resources of the IA function as well as the competency of the internal auditors.

The IA activities will be carried out based on an internal audit plan presented by the outsourced internal auditors to the ARMC for approval. The establishment of the audit plan will take into consideration the corporate risk profile and input from Senior Management and the ARMC members. The results of the audits provided in the internal audit reports will be reviewed by the ARMC. The relevant Head of Department ("HoD") of the specific audit subject is made responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframe. Internal auditors conduct follow-up audits to ensure that Management's corrective actions were implemented appropriately. In this respect, the IA has added value by improving the control processes within the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

The internal auditors carried out the review on internal control of the selected subsidiaries on the following areas:

- Internal control review of production management for shortage of manpower resource to meet the production requirements and delay in production/delivery to customer, the scope of the review of internal control system covers production planning; production activities' monitoring; detection, resolution and reporting to management of production shortfalls and problems; and monitoring of production plant efficiency and performance; and
- Internal control review of anti-bribery management system for non-compliance with law and regulations and inadequate procedures for reporting of bribery and corruption activities, the scope of the review of internal control system covers conduct of due diligence procedures on customers, vendors and employees; financial controls over payment processing; gift, entertainment, donations and sponsorship; whistleblowing procedures; training programs for employees and communication of anti-bribery/anti-corruption policies in general.

Total cost incurred during the financial year under review was RM25,000.

An overview of the Group's approach in maintaining sound systems of internal control is set out in the Statement on Risk Management and Internal Control on pages 46 to 49 of this Annual Report.

Premised on the performance assessment conducted by the ARMC, written declaration from the internal auditors on their independence and objectivity throughout the conduct of the audit engagement as well as feedback by the Management Team, the ARMC is of the view that Tricor Axcelasia Sdn Bhd ("Tricor") is free from any relationships or conflicts of interest with those involved and is capable of carrying out the IA reviews. Accordingly, the ARMC approved for the Group to continuously outsource the IA function to Tricor in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system for FYE 2023.

This Report was made in accordance with the resolution of ARMC dated 18 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of Wegmans Holdings Berhad ("Wegmans" or "Company") is committed towards maintaining a sound system of risk management and internal control and is pleased to provide the following Statement on Risk Management and Internal Control ("Statement") which outlines the scope and nature of risk management and the internal controls of the Company and the subsidiaries ("Group") for the financial year ended 31 December ("FYE") 2022.

For the purpose of disclosure, this Statement is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 10.1 and 10.2 of the Malaysian Code on Corporate Governance ("Code").

BOARD'S RESPONSIBILITY

The Board re-affirms its commitment and acknowledges its overall responsibility in maintaining the risk management and the Group's system of internal control as well as reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investments and the Group's assets. The Board recognises that a sound risk management and system of internal control is an integral part of good corporate governance. The Board and the Management Team are responsible and accountable for the establishment of internal controls for the Group. The Board has an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board has delegated the responsibility of monitoring the internal control and risk management systems to the Management Team.

The system of internal control and risk management covers not only financial controls but operational, risk and compliance controls as well. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives. Such systems provide reasonable, rather than absolute, assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process which is regularly reviewed by the Board for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. The key elements of the Group's Risk Management Framework are described below:-

- **Structure**
The Group adopts a de-centralised approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibilities of the Heads of Department ("HoD").

Enterprise Risk Management Committee ("ERMC") provides risk management support to the Group as a whole. The role of the ERMC includes reporting, of the status of risk mitigation actions, new risks identified and risks that have changed characteristics together with corresponding controls.

The ERMC comprising key persons from all departments, submits its reports to the Audit and Risk Management Committee ("ARMC"). Minutes of the ERMC meetings which recorded these deliberations were presented to the ARMC. The ARMC reports to the Board on any significant changes in the business and external environment which affect key risks.

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

- **Risk Assessment**

The Group maintains a database of risks specific to the Group together with their corresponding controls, which are categorised as follows:-

- Strategic, which are risks that affect the overall direction of the business.
- Operational, which are risks that impact the delivery of the Group's products
- Financial, which are risks associated with financial processes and reporting.
- Compliance, which are risks associated in relation to legal, statutory and corporate governance.

- **Risk Management Process**

Potential risks are identified by the respective business functions based on relevant knowledge and expertise, publicly available information and advices from subject matter experts. The potential risks are then raised for discussion and deliberation by the ERM Council during the quarterly meeting. In the event a risk is adopted, the risk owner would be responsible to provide periodic updates in term of risk mitigating activities and the corresponding results. During the financial year under review, the risk register was monitored and reviewed by the ERM Council.

INTERNAL CONTROL SYSTEM

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

- **Control Environment**

The importance of a proper control environment is communicated throughout the organisation. Focus is directed towards the quality and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Such training also includes internal briefings and external seminars for selected employees relating to areas of risk management, leadership, selling skills and employee management.

- **Control Structure**

The Board and Management have established an organisational structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities of Board Committees and various management levels, including authorisation levels for all aspects of the business which are subject to yearly review.

The key elements of the Group's control structure are as follows:

- i. **Management**

Management has introduced well-established standard operating procedures that cover all key aspects of the Group's various business processes. These policies and procedures deal with, amongst others, control issues for asset security, information technology, health and safety, etc. The procedures are subject to yearly reviews to cater for process changes, changing risks or further improvements.

Aside from the standard operating procedures, changes in internal control procedures, if any, are communicated via circulars and internal memos. Such circulars and memos are properly authorised by the relevant members of HoD.

Management adopts a consistent approach in the periodic review of key performance indicators set for various functions within the Group so as to ensure the efficiency and effectiveness of operational activities in achieving business objectives. To provide and solicit feedback in relation to business performance, critical issues and other key business matters effectively, Management also maintains effective communication channels.

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

ii. Internal Audit

The Group has outsourced its internal audit function to an independent service provider, Tricor Axcelasia Sdn Bhd ("internal auditors") that provides the ARMC and the Board with reasonable assurance on the adequacy and effectiveness of the system of internal controls. The internal auditors carries out the internal audit reviews independently in accordance with a recognised framework.

The responsibilities of the internal auditors include developing the Annual Risk-based Audit Plan ("the Plan") execution and reporting the audit results for the Group. For such purposes, the internal auditors:

- Prepares a detailed Plan in consultation with the Managing Director ("MD") for submission to the ARMC for approval;
- Carries out all activities to conduct the audits in accordance with the Plan;
- Shares its finding with the auditee upon completion of each audit; and
- Submits internal audit reports together with recommendations to the ARMC.

The ARMC Report set out on pages 42 to 45 of this Annual Report contains further details on the principal responsibilities of and activities undertaken by the internal auditors in FYE 2022 and up to date of this Statement.

iii. External Certification

The effectiveness of the system of internal control is also reviewed through the ISO 9001:2015 (Quality Management System) certifications. Regular reviews and periodic audits are conducted internally as well as by external auditors from accredited certification bodies. Results of these audits are reported to the Management.

The demanding control procedures and documentation requirements of the certifications further strengthen the control environment and the quality requirement of the Group's products.

iv. ARMC

The ARMC, on behalf of the Board, reviews the measures undertaken on internal control issues identified by the ERMC, internal auditors, external auditors and Management. During the financial year under review, two internal control review reports were issued by the internal auditors to the ARMC for their review.

The ARMC Report set out on pages 42 to 45 of this Annual Report contains further details on the activities undertaken by the ARMC in FYE 2022.

v. Board

The Board holds regular discussions with the ARMC and Management and considers their reports on matters relating to internal controls and deliberates on their recommendations for implementation.

• Reporting and Information

The annual forecast is prepared for management control and future planning. Management will present an Executive Summary entailing the comparison between the actual and budgeted results together with the quarterly financial results to the ARMC and the Board.

Quarterly meetings attended by Management, led by the MD, are held to discuss the various aspects of the business and operational performance of the Group. Key matters affecting the Group are brought to the attention of the ARMC by the MD, Executive Director or HoD and are reported to the Board on a regular basis.

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

- **Monitoring and Review**

There are processes for monitoring the system of internal controls and reporting any significant weaknesses together with details of corrective action. The system is reviewed on an on-going basis by the Board (through the ARMC), Senior Management and internal auditors. Responsibility for monitoring compliance with policies, procedures and guidelines rests principally with the ERM, which reports directly to the ARMC as described above. All HoD are also actively involved in continually improving the control processes within their respective departments.

On the other hand, sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken in which Management reviews the coverage for the fixed assets and inventories based on their respective net book value and "replacement value", i.e. the prevailing market price for the same or similar item, where applicable.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the MD and Executive Director that the Group's internal control and risk management systems put in place are operating adequately and effectively, in all material aspects, during the financial year under review.

Taking into consideration the above assurance from the Management Team, the Board is of the view that the system of risk management and internal control in place for the financial year under review and up to the date of this Statement, is satisfactory and is adequate to safeguard shareholders' investments, the interests of customers, regulators, employees and other stakeholders as well as the Group's assets. There was no material control failure that would have any material adverse effect on the financial results of the Group for the year under review and up to the date of issuance of the financial statements.

In view that the development of a sound system of internal control is an on-going process, the Board continues to take pertinent measures to sustain and, where required, to improve the Group's internal control and risk management environment in meeting the Group's strategic objectives.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 (Revised) issued by the Malaysian Institute of Accountants for inclusion in this Annual Report. AAPG 3 (Revised) does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on their review, 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 respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

This Statement is made in accordance with the resolution of Board dated 18 April 2023.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 ("the Act") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that financial statements for each financial year present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

The Board, after due consideration, is satisfied that the financial statements for the financial year ended 31 December 2022 has been prepared adopting appropriate accounting policies which are applied consistently, and based on that, the Board exercises reasonable and prudent judgment. The Board also considers that relevant approved accounting standards have been followed and confirms that the financial statements have been prepared on a going concern basis.

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after tax for the financial year	20,002,941	3,962,895
Attributable to:		
Owners of the Company	19,802,458	3,962,895
Non-controlling interests	200,483	-
	20,002,941	3,962,895

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2021 are as follows:

The Company paid an interim dividend of 0.50 sen per ordinary share amounting to RM 2,750,171 for the financial year ended 31 December 2022 on 19 September 2022.

The directors do not recommend the payment of any final dividend for the financial year.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

(CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the warrants.

WARRANTS

Warrants A 2019/2022

As at 31 December 2022, the summary of the movements of Warrants A is as follows:

Issue Date	Expiry Date	At 01.01.2022	Number of Warrants A		At 31.12.2022
			Exercised	Lapsed	
14.01.2019	13.01.2022	124,999,999	-	(124,999,999)	-

The new ordinary shares issued from the exercise of Warrants A shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or other distribution declared, made or paid prior to the relevant date of allotment and issuance of the new shares arising from the exercise of Warrants A. Further details on the Warrants A are detailed in Note 13 to the financial statements.

Warrants B 2020/2023

As at 31 December 2022, the summary of the movements of Warrants B is as follows:

Issue Date	Expiry Date	At 01.01.2022	Number of Warrants B		At 31.12.2022
			Exercised	Lapsed	
20.10.2020	19.10.2023	124,996,549	-	-	124,996,549

The new ordinary shares issued from the exercise of Warrants B shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or other distribution declared, made or paid prior to the relevant date of allotment and issuance of the new shares arising from the exercise of Warrants B. Further details on the Warrants B are detailed in Note 13 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

WARRANTS (CONT'D)

Warrants C 2022/2025

The Company issued 137,508,560 free Warrants C which were listed and quoted on Bursa Malaysia Securities Berhad on 13 May 2022 pursuant to the bonus issue on the basis of one (1) Warrant C for every four (4) existing ordinary shares held in the Company.

The Warrants C are constituted by a Deed Poll dated 15 April 2022 executed by the Company. Each Warrant C entitles the holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM 0.21 per Warrant C, subject to adjustment in accordance with provisions of the Deed Poll. The Warrants C not exercised at the date of the maturity will thereafter lapse and cease to be valid for any purpose.

As at 31 December 2022, the summary of the movements of Warrants C is as follows:

Issue Date	Expiry Date	Number of Warrants C			
		At 10.05.2022	Exercised	Lapsed	At 31.12.2022
10.05.2022	09.05.2025	137,508,560	-	-	137,508,560

The new ordinary shares issued from the exercise of Warrants C shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or other distribution declared, made or paid prior to the relevant date of allotment and issuance of the new shares arising from the exercise of Warrants C. Further details on the Warrants C are detailed in Note 13 to the financial statements.

BAD AND DOUBTFUL DEBTS

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

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 allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

DIRECTORS' REPORT

(CONT'D)

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 23 to the financial statements.

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

DIRECTORS

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

Keh Wee Kiet *
Law Kok Lim *
Chan Wan Seong
Maziah Binti Md Yamin
Faam Chang Pooh

* Directors of the Company and the subsidiaries

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

Kek Wee Beng

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS

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

		At	Number of Ordinary Shares		
		01.01.2022	Bought	Sold	At 31.12.2022
Keh Wee Kiet	- Direct interest	175,000,000	-	-	175,000,000
Law Kok Lim	- Direct interest	175,000,000	-	-	175,000,000
Chan Wan Seong	- Direct interest	600,000	-	-	600,000
Faam Chang Pooh	- Indirect interest ⁽¹⁾	25,000	-	-	25,000

Warrants A 2019/2022

		At	Number of Warrants A		
		01.01.2022	Exercised	Lapsed	At 31.12.2022
Faam Chang Pooh	- Indirect interest ⁽¹⁾	6,250	-	6,250	-

Warrants B 2020/2023

		At	Number of Warrants B		
		01.01.2022	Acquired	Disposed	At 31.12.2022
Keh Wee Kiet	- Direct interest	18,750,000	-	-	18,750,000
Law Kok Lim	- Direct interest	43,750,000	-	-	43,750,000
Chan Wan Seong	- Direct interest	150,000	-	150,000	-
Faam Chang Pooh	- Indirect interest ⁽¹⁾	6,250	-	-	6,250

Warrants C 2022/2025

		At	Number of Warrants C		
		01.01.2022	Entitled	Disposed	At 31.12.2022
Keh Wee Kiet	- Direct interest	-	43,750,000	-	43,750,000
Law Kok Lim	- Direct interest	-	43,750,000	-	43,750,000
Chan Wan Seong	- Direct interest	-	150,000	-	150,000
Faam Chang Pooh	- Indirect interest ⁽¹⁾	-	6,250	6,250	-

Notes:

⁽¹⁾ Indirect interest by virtue of the shareholdings of his spouse

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS (CONT'D)

By virtue of their shareholdings in the Company, Mr. Keh Wee Kiet and Mr. Law Kok Lim are deemed to have interests in the shares of all the subsidiaries during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 28 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' REMUNERATION

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

	The Group RM	The Company RM
Executive directors of the Company		
Fees	79,200	79,200
Salaries, bonuses and other benefits	1,569,204	5,600
Defined contribution plans	163,394	-
	1,811,798	84,800
Estimated monetary value of benefits-in-kind	56,000	-
	1,867,798	84,800
Non-executive directors of the Company		
Fees	128,400	128,400
Salaries, bonuses and other benefits	7,700	7,700
	136,100	136,100

DIRECTORS' REPORT

(CONT'D)

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

AUDITORS

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

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

	The Group RM	The Company RM
Audit fees	91,500	25,000
Non-audit fees	4,500	4,500
	96,000	29,500

Signed in accordance with a resolution of the directors dated 18 April 2023

Keh Wee Kiet

Law Kok Lim

STATEMENT BY DIRECTORS

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

We, Keh Wee Kiet and Law Kok Lim, being two of the directors of Wegmans Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 64 to 124 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 18 April 2023

Keh Wee Kiet

Law Kok Lim

STATUTORY DECLARATION

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

I, Koh Ru Ching, MIA Membership Number: 22961, being the officer primarily responsible for the financial management of Wegmans Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 124 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
Koh Ru Ching at Muar in the State of Johor Darul Takzim
on this 18 April 2023

Koh Ru Ching

Before me

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WEGMANS HOLDINGS BERHAD

(Incorporated In Malaysia)

Registration No. : 201701005154 (1219319 - D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Wegmans Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 124 .

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying amount of inventories Refer to Note 10 in the financial statements	
Key audit matters	How our audit addressed the key audit matters
<p>The Group held inventories with carrying amount of RM 37,620,656 as at 31 December 2022.</p> <p>The carrying amount of inventories is stated at the lower of cost and net realisable value.</p> <p>The Group determines the amount of impairment for slow-moving or obsolete inventories based on the ageing of the slow-moving inventories.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none">Comparing the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down.Performing ageing test on the inventories and reviewing the impairment for slow-moving inventories, where applicable.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WEGMANS HOLDINGS BERHAD (CONT'D)

(Incorporated In Malaysia)

Registration No. : 201701005154 (1219319 - D)

Key Audit Matters (cont'd)

Annual impairment assessment on goodwill Refer to Note 8 in the financial statements	
Key audit matters	How our audit addressed the key audit matters
<p>The Group recorded goodwill amounting to RM 6,835,040 as at 31 December 2022 which arose from the acquisition of a subsidiary, Wison Screw Industries Sdn. Bhd. as a cash-generating unit ("CGU").</p> <p>The management is required to perform annual impairment assessment for the goodwill. We focus on this area as management's assessment of the value in use of this CGU involves estimation uncertainty and judgements about the future results of the business and key assumptions applied to future cash flow projection.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none">• Assessing the appropriateness of determining the recoverable amount based on value in use approach by management in goodwill impairment assessment.• Evaluating the value in use by assessing the reliability of management's forecast by comparing past trends of actual financial performance against forecast results.• Benchmarking key assumptions used in the discounted cash flows, such as revenue growth rate, operating profit margin and discount rate, against the historical performances.• Performing sensitivity analysis on revenue growth rate, operating profit margin and discount rate to evaluate impact on the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WEGMANS HOLDINGS BERHAD (CONT'D)

(Incorporated In Malaysia)

Registration No. : 201701005154 (1219319 - 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 of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WEGMANS HOLDINGS BERHAD (CONT'D)

(Incorporated In Malaysia)

Registration No. : 201701005154 (1219319 - D)

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

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

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

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

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

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

Ng Kim Kiat

02074/10/2024 J

Chartered Accountant

Muar, Johor Darul Takzim

Date : 18 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	102,728,349	102,076,937	-	-
Right-of-use assets	6	2,320,345	2,453,750	-	-
Prepaid lease	7	8,056,369	6,790,342	-	-
Goodwill	8	6,835,040	6,835,040	-	-
Investment in subsidiaries	9	-	-	40,200,002	40,200,002
		119,940,103	118,156,069	40,200,002	40,200,002
CURRENT ASSETS					
Inventories	10	37,620,656	47,751,965	-	-
Trade and other receivables	11	19,651,498	17,085,121	29,132,105	27,932,516
Current tax assets		1,333,240	2,179,839	58,462	53,734
Deposits, bank and cash balances	12	15,008,338	9,734,635	141,057	123,007
		73,613,732	76,751,560	29,331,624	28,109,257
TOTAL ASSETS		193,553,835	194,907,629	69,531,626	68,309,259
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	68,154,325	68,154,325	68,154,325	68,154,325
Merger deficit	14	(22,100,000)	(22,100,000)	-	-
Retained profits		75,230,339	58,178,052	1,283,480	70,756
Equity attributable to owners of the Company		121,284,664	104,232,377	69,437,805	68,225,081
Non-controlling interests		1,484,826	1,284,343	-	-
TOTAL EQUITY		122,769,490	105,516,720	69,437,805	68,225,081
NON-CURRENT LIABILITIES					
Bank borrowings	15	33,551,337	37,113,536	-	-
Hire purchase payables	16	702,093	1,201,709	-	-
Lease liabilities	17	185,374	295,084	-	-
Deferred tax liabilities	18	3,980,000	2,710,000	-	-
		38,418,804	41,320,329	-	-
CURRENT LIABILITIES					
Trade and other payables	19	15,074,398	22,761,969	93,821	84,178
Bank borrowings	15	16,618,427	24,421,573	-	-
Hire purchase payables	16	565,622	646,397	-	-
Lease liabilities	17	107,094	103,736	-	-
Current tax liabilities		-	136,905	-	-
		32,365,541	48,070,580	93,821	84,178
TOTAL LIABILITIES		70,784,345	89,390,909	93,821	84,178
TOTAL EQUITY AND LIABILITIES		193,553,835	194,907,629	69,531,626	68,309,259

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	20	146,178,493	93,987,052	4,500,000	-
OTHER INCOME		2,910,276	1,973,709	2,236	1,050
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		(9,746,927)	9,484,510	-	-
RAW MATERIALS USED		(62,167,981)	(50,820,675)	-	-
DEPRECIATION		(5,539,751)	(4,799,537)	-	-
STAFF COSTS		(23,640,143)	(17,587,771)	(84,800)	(74,392)
OTHER EXPENSES		(23,555,358)	(25,341,520)	(454,541)	(499,475)
FINANCE COSTS	22	(2,029,255)	(1,729,146)	-	-
PROFIT/(LOSS) BEFORE TAX	23	22,409,354	5,166,622	3,962,895	(572,817)
INCOME TAX EXPENSE	24	(2,406,413)	(1,546,555)	-	(517)
PROFIT/(LOSS) AFTER TAX AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		20,002,941	3,620,067	3,962,895	(573,334)
PROFIT/(LOSS) AFTER TAX AND TOTAL COMPREHENSIVE INCOME/ (EXPENSE) ATTRIBUTABLE TO:					
Owners of the Company		19,802,458	3,376,275	3,962,895	(573,334)
Non-controlling interests		200,483	243,792	-	-
		20,002,941	3,620,067	3,962,895	(573,334)
EARNINGS PER SHARE (SEN)					
Basic	25	3.60	0.63		
Diluted		3.60	0.61		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Group	Note	Non-Distributable			Distributable		Attributable to owners of the Company	Non-controlling interests	Total equity
		Share capital	Merger deficit	Retained profits					
		RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2021		51,953,541	(22,100,000)	54,801,777	84,655,318	-	-	84,655,318	
Profit after tax and total comprehensive income for the financial year		-	-	3,376,275	3,376,275	243,792		3,620,067	
Contributions by and distributions to owners of the Company:									
- Issuance of shares upon warrants exercised		811	-	-	811	-		811	
- Issuance of shares for the acquisition of a subsidiary		16,199,973	-	-	16,199,973	-		16,199,973	
Acquisition of a subsidiary		-	-	-	-	1,040,551		1,040,551	
Balance at 31 December 2021/ 1 January 2022		68,154,325	(22,100,000)	58,178,052	104,232,377	1,284,343		105,516,720	
Profit after tax and total comprehensive income for the financial year		-	-	19,802,458	19,802,458	200,483		20,002,941	
Contributions by and distributions to owners of the Company:									
- Dividends	26	-	-	(2,750,171)	(2,750,171)	-		(2,750,171)	
Balance at 31 December 2022		68,154,325	(22,100,000)	75,230,339	121,284,664	1,484,826		122,769,490	

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

The Company	Note	Share capital RM	Distributable Retained profits RM	Total equity RM
Balance at 1 January 2021		51,953,541	644,090	52,597,631
Loss after tax and total comprehensive expense for the financial year		-	(573,334)	(573,334)
Contributions by and distributions to owners of the Company:				
- Issuance of shares upon warrants exercised		811	-	811
- Issuance of shares for the acquisition of a subsidiary		16,199,973	-	16,199,973
Balance at 31 December 2021/1 January 2022		68,154,325	70,756	68,225,081
Profit after tax and total comprehensive income for the financial year		-	3,962,895	3,962,895
Contributions by and distributions to owners of the Company:				
- Dividends	26	-	(2,750,171)	(2,750,171)
Balance at 31 December 2022		68,154,325	1,283,480	69,437,805

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before tax		22,409,354	5,166,622	3,962,895	(572,817)
Adjustments for:					
Bad debts written off		4,722	-	-	-
Depreciation of property, plant and equipment		5,406,346	4,666,132	-	-
Depreciation of right-of-use assets		133,405	133,405	-	-
Dividend income		-	-	(4,500,000)	-
Flood loss on inventory work-in-progress		-	109,848	-	-
Gain on disposal of property, plant and equipment		(46,500)	(113,500)	-	-
Property, plant and equipment written off		62,498	82	-	-
Unrealised loss/(gain) on foreign exchange		302,453	(90,339)	-	-
Interest expense on lease liabilities		8,848	8,848	-	-
Other interest expenses		1,949,268	1,644,029	-	-
Interest income		(84,141)	(26,976)	(2,236)	(1,050)
Operating profit/(loss) before working capital changes		30,146,253	11,498,151	(539,341)	(573,867)
Inventories		10,131,309	(9,118,181)	-	-
Trade and other receivables		(2,816,634)	1,545,649	-	18,890
Trade and other payables		(8,994,476)	(6,079,325)	9,643	(24,070)
CASH FROM/(FOR) OPERATIONS		28,466,452	(2,153,706)	(529,698)	(579,047)
Interest paid		(1,958,116)	(1,652,877)	-	-
Interest received		84,141	26,976	2,236	1,050
Tax paid		(1,735,562)	(1,364,897)	(4,728)	(10,167)
Tax refund		1,308,843	-	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		26,165,758	(5,144,504)	(532,190)	(588,164)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired		-	3,599,796	-	(27)
Additions to prepaid lease		(1,266,027)	-	-	-
(Advance to)/Repayment from a subsidiary		-	-	(1,199,589)	592,140
Dividends received		-	-	4,500,000	-
Proceeds from disposal of property, plant and equipment		46,500	313,500	-	-
Purchase of property, plant and equipment	5(c)	(4,697,758)	(18,916,835)	-	-
Placement of fixed deposit with tenure more than 3 months		(1,000,000)	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(6,917,285)	(15,003,539)	3,300,411	592,113

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid		(2,750,171)	-	(2,750,171)	-
Drawdown of term loans	27(a)	4,198,557	17,948,265	-	-
Net movements in trade bills		(7,499,325)	5,239,325	-	-
Proceeds from issuance of shares upon warrants exercised		-	811	-	811
Repayment of hire purchase payables	27(a)	(659,391)	(618,449)	-	-
Repayment of lease liabilities	27(a)	(106,352)	(106,352)	-	-
Repayment of term loans	27(a)	(8,064,577)	(5,671,839)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(14,881,259)	16,791,761	(2,750,171)	811
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,367,214	(3,356,282)	18,050	4,760
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(93,511)	68,545	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		9,734,635	13,022,372	123,007	118,247
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(c)	14,008,338	9,734,635	141,057	123,007

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

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

Registered office : No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar
Johor Darul Takzim

Principal place of business : Lot PTD 6967
Jalan Kempas 3
Kawasan Perindustrian Bakri
84200 Muar
Johor Darul Takzim

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 April 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 9. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(b) Impairment of goodwill

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

(c) Write-down of inventories

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

(d) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the Covid-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(e) Income taxes

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

(f) Discount rates used in leases

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

Critical judgements made in applying accounting policies

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

Lease terms

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

4.2 Basis of consolidation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (cont'd)

4.2.1 Business combinations within the scope of MFRS 3: Business Combination

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

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

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

(a) Goodwill

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

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

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

(b) Non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (cont'd)

4.2.1 Business combinations within the scope of MFRS 3: Business Combination (cont'd)

(c) Changes in ownership interests in subsidiaries without change of control

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

(d) Loss of control

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

4.2.2 Business combinations under common control

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had taken effect throughout the financial periods under common control.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Investment in subsidiaries

Investment in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

4.4 Property, plant and equipment

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

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

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

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

Factory buildings	2%
Electrical installation, plant and machinery	8% - 20%
Office equipment, furniture and fittings	10% - 40%
Motor vehicles	20%

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Prepaid lease

Prepayments for the acquisition of leasehold land prior to the issuance of title i.e. the commencement of lease are capitalised as prepaid lease upon payments. Such amount shall be reclassified as right-of-use assets upon the commencement of lease.

4.6 Leases

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables, as well as on financial guarantee contracts.

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

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

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

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

(b) Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment (cont'd)

(b) Impairment of non-financial assets (cont'd)

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

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

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out or weighted average cost method, where applicable, and comprises the purchase price, production costs and incidentals incurred in bringing the inventories to their present location and condition.

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

4.9 Financial instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

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

(a) Financial assets

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

Debt instruments

(i) Amortised cost

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

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

(ii) Fair value through other comprehensive income

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

(iii) Fair value through profit or loss

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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

Equity instruments

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

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

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

(b) Financial liabilities

(i) Financial liabilities at fair value through profit or loss

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

(ii) Other financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Financial instruments (cont'd)

(c) Equity instruments

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

Ordinary shares

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

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

(d) Derecognition

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

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

(e) Financial guarantee contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to leasing transactions.

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

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

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

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

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

4.11 Borrowing costs

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

4.12 Income taxes

(a) Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Income taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

4.13 Revenue from contracts with customers

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Revenue from contracts with customers (cont'd)

Sale of goods

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

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

4.14 Revenue from other sources and other operating income

(a) Dividend income

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

(b) Interest income

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

4.15 Employee benefits

(a) Short-term benefits

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

(b) Defined contribution plans

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

4.16 Earnings per ordinary share

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.18 Functional and foreign currencies

(a) Functional and presentation currency

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

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

(b) Foreign currency transactions and balances

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

4.19 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Factory buildings RM	Electrical installation, plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At cost							
At 1 January 2022	21,056,364	43,457,090	46,952,048	2,725,894	7,105,229	10,401,777	131,698,402
Additions	-	1,565,632	2,389,466	251,248	581,742	1,332,168	6,120,256
Disposals	-	-	(198,000)	-	(30,000)	-	(228,000)
Write off	-	(2,500)	(275,686)	(77,893)	(17,500)	-	(373,579)
Reclassifications	-	6,911,778	4,822,167	-	-	(11,733,945)	-
At 31 December 2022	21,056,364	51,932,000	53,689,995	2,899,249	7,639,471	-	137,217,079
Less : Accumulated depreciation							
At 1 January 2022	-	4,335,600	19,830,750	1,400,872	4,054,243	-	29,621,465
Charge for the financial year	-	910,288	3,318,175	223,481	954,402	-	5,406,346
Disposals	-	-	(198,000)	-	(30,000)	-	(228,000)
Write off	-	(2,500)	(226,127)	(64,954)	(17,500)	-	(311,081)
At 31 December 2022	-	5,243,388	22,724,798	1,559,399	4,961,145	-	34,488,730
Carrying amount							
At 31 December 2022	21,056,364	46,688,612	30,965,197	1,339,850	2,678,326	-	102,728,349

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

The Group	Freehold land RM	Factory buildings RM	Electrical installation, plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At cost							
At 1 January 2021	19,851,094	34,093,848	35,935,732	2,171,008	5,152,752	3,565,635	100,770,069
Acquisition of a subsidiary	1,205,270	2,952,140	5,040,327	516,013	1,821,493	-	11,535,243
Additions	-	3,147,688	5,888,824	40,657	1,219,038	10,199,891	20,496,098
Disposals	-	-	-	-	(1,088,054)	-	(1,088,054)
Write off	-	-	(13,170)	(1,784)	-	-	(14,954)
Reclassifications	-	3,263,414	100,335	-	-	(3,363,749)	-
At 31 December 2021	21,056,364	43,457,090	46,952,048	2,725,894	7,105,229	10,401,777	131,698,402
Less : Accumulated depreciation							
At 1 January 2021	-	3,025,271	12,938,260	835,283	2,942,312	-	19,741,126
Acquisition of a subsidiary	-	570,764	4,042,661	351,842	1,151,866	-	6,117,133
Charge for the financial year	-	739,565	2,862,999	215,449	848,119	-	4,666,132
Disposals	-	-	-	-	(888,054)	-	(888,054)
Write off	-	-	(13,170)	(1,702)	-	-	(14,872)
At 31 December 2021	-	4,335,600	19,830,750	1,400,872	4,054,243	-	29,621,465
Carrying amount							
At 31 December 2021	21,056,364	39,121,490	27,121,298	1,325,022	3,050,986	10,401,777	102,076,937

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

- (a) The following property, plant and equipment have been pledged to licensed banks as security for banking facilities granted to the Group (Note 15(a)):

	The Group	
	2022	2021
	RM	RM
Carrying amount		
Freehold land	21,056,364	21,056,364
Factory buildings	46,688,612	39,121,490
Machineries	16,967,592	12,172,565
Capital work-in-progress	-	9,144,712
	84,712,568	81,495,131

- (b) The motor vehicles with carrying amount of RM 1,502,412 (2021 : RM 2,252,438) were acquired under hire purchase arrangements. These assets have been pledged as security for the hire purchase payables of the Group (Note 16) and certain hire purchase payables have been guaranteed by the Company.
- (c) The cash disbursed for the purchase of property, plant and equipment is as follows:

	The Group	
	2022	2021
	RM	RM
Cost of property, plant and equipment purchased	6,120,256	20,496,098
Amount financed through hire purchase	(79,000)	(854,000)
Unpaid balances included under sundry payables (Note 19(b))	(2,459,624)	(1,116,126)
Cash disbursed in respect of purchase in previous financial year	1,116,126	390,863
Cash disbursed for purchase of property, plant and equipment	4,697,758	18,916,835

- (d) There has been no property, plant and equipment in the Company throughout the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

6. RIGHT-OF-USE ASSETS

The Group	Leasehold land RM	Hostel RM	Total RM
Carrying amount			
At 1 January 2022	2,054,930	398,820	2,453,750
Depreciation charges	(27,053)	(106,352)	(133,405)
At 31 December 2022	2,027,877	292,468	2,320,345
Carrying amount			
At 1 January 2021	2,081,983	505,172	2,587,155
Depreciation charges	(27,053)	(106,352)	(133,405)
At 31 December 2021	2,054,930	398,820	2,453,750

(a) The Group leases a piece of leasehold land and a hostel of which the leasing activities are summarised below:

(i) Leasehold land

The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease is for a period of 99 years (2021 : 99 years) with no renewal or purchase option included in the agreement.

(ii) Hostel

The Group has leased a hostel for 2 years (2021 : 2 years), with an option to renew the lease after that date.

(b) The leasehold land of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group (Note 15(a)).

7. PREPAID LEASE

This represents progress claims paid for 4 pieces of leasehold land acquired in financial year 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

8. GOODWILL

	The Group	
	2022 RM	2021 RM
At 1 January	6,835,040	-
Acquisition of a subsidiary	-	6,835,040
At 31 December	6,835,040	6,835,040

- (a) The goodwill is allocated to a cash-generating unit ("CGU"), i.e. a subsidiary namely Wison Screw Industries Sdn. Bhd. ("WSI").
- (b) The Group has assessed the recoverable amounts of goodwill allocated. The recoverable amount of this cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from this cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	Revenue growth rate		Discount rate	
	2022	2021	2022	2021
WSI	5.0%	5.0%	8.4%	11.9%

- (i) Budgeted revenue growth rate Budgeted revenue growth rate based on past performance and its expectation of market development.
- (ii) Discount rate (pre-tax) Reflects specific risks relating to this CGU.

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

9. INVESTMENT IN SUBSIDIARIES

	The Company	
	2022 RM	2021 RM
Unquoted shares, at cost	40,200,002	40,200,002

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2022	2021	
Wegmans Furniture Industries Sdn. Bhd.	Malaysia	100%	100%	Design, manufacture and sale of home furniture products.
Wegmans Woodwork Sdn. Bhd.	Malaysia	100%	100%	Property investment holding.
Collino Designs Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Wison Screw Industries Sdn. Bhd. ("WSI")	Malaysia	90%	90%	Manufacture and sale of screw, nuts and spare parts.

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

	Effective equity interest		The Group	
	2022	2021	2022 RM	2021 RM
WSI	10%	10%	1,484,826	1,284,343

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	2022 RM	2021 RM
As at 31 December		
Non-current assets	4,943,388	5,700,422
Current assets	15,562,297	16,340,376
Non-current liabilities	(3,112,221)	(4,500,539)
Current liabilities	(2,545,196)	(4,696,825)
Net assets	14,848,268	12,843,434
Financial year ended 31 December 2022/Nine-month financial period ended 31 December 2021		
Revenue	17,830,059	14,562,996
Profit after tax for the financial year/period	2,004,834	2,437,923
Total comprehensive income for the financial year/period	2,004,834	2,437,923
Total comprehensive income attributable to non-controlling interests	200,483	243,792
Net cash flows from operating activities	4,579,940	1,298,978
Net cash flows for investing activities	(1,028,567)	(659,136)
Net cash flows for financing activities	(2,484,350)	(1,181,899)

10. INVENTORIES

	The Group	
	2022 RM	2021 RM
Raw materials	9,010,815	9,362,326
Work-in-progress	23,448,576	28,793,418
Finished goods	4,806,742	9,208,827
Packing materials	354,523	387,394
	37,620,656	47,751,965
Recognised in profit or loss		
Inventories recognised as cost of sales	111,936,857	76,001,208

As at 31 December 2021, included in the above inventories recognised as cost of sales is an amount RM 109,848 being flood loss on inventory work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

11. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Advance to suppliers	52,699	607,265	-	-
Other trade receivables	17,230,110	13,952,987	-	-
	17,282,809	14,560,252	-	-
Other receivables				
Amount owing by a subsidiary	-	-	29,131,105	27,931,516
Deposits	656,504	576,922	1,000	1,000
Prepayments	1,659,304	1,566,059	-	-
Goods and services tax recoverable	-	4,975	-	-
Sundry receivables	52,881	376,913	-	-
	2,368,689	2,524,869	29,132,105	27,932,516
	19,651,498	17,085,121	29,132,105	27,932,516

(a) The Group's normal trade terms range from cash term to 120 days of credit (2021 : cash term to 90 days of credit). Other credit terms are assessed and approved on a case-by-case basis.

(b) The amount owing by a subsidiary is unsecured, interest free, repayable on demand and to be settled in cash.

12. DEPOSITS, BANK AND CASH BALANCES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bank and cash balances	12,508,338	9,734,635	141,057	123,007
Fixed deposits with licensed bank	2,500,000	-	-	-
	15,008,338	9,734,635	141,057	123,007

The fixed deposits with licensed bank at the end of the reporting period bear effective interest rates at 2.1% - 2.6% (2021 : Nil) per annum. The fixed deposits have maturity periods ranging from 3 to 12 months (2021 : Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. SHARE CAPITAL

Issued and fully paid-up

	The Group and The Company			
	2022	2021	2022	2021
	Number of shares		RM	RM
Ordinary shares				
At 1 January	550,034,250	500,000,000	68,154,325	51,953,541
Issuance of new share pursuant to				
- Acquisition of a subsidiary	-	50,030,800	-	16,199,973
- Exercise of warrants	-	3,450	-	811
At 31 December	550,034,250	550,034,250	68,154,325	68,154,325

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

Warrants A 2019/2022

A total 124,999,999 free Warrants A were issued by the Company on 14 January 2019 on the basis of one (1) Warrant A for every four (4) existing ordinary shares held. Each Warrant A entitles the holder the right to subscribed for one (1) new ordinary share of the Company at an exercise price of RM 0.30 per new ordinary share. The Warrants A had expired on 13 January 2022.

The salient terms of the above warrants 2019/2022 ("Warrants A") are as follows:

- (a) The Warrants A are constituted by a Deed Poll executed on 26 December 2018.
- (b) The Warrants A are traded separately.
- (c) The Warrants A can be exercised at any time within a period of three (3) years commencing from and including the date of issue, 14 January 2019 to 13 January 2022 ("Exercise Period"). Any Warrants A not exercised during the Exercise Period will thereafter lapse and cease to be valid.
- (d) Each Warrants A entitles the holder of the Warrants A to subscribe for one (1) new ordinary share in the Company.
- (e) The holders shall not participate in any rights, allotments, dividends and/or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares upon the exercise of the Warrants A. The holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such holders exercise their Warrants A into new ordinary shares.
- (f) Subjected to the provisions in the Deed Poll, the exercise price and/or the number of the Warrants A held by each Warrant A holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. SHARE CAPITAL (CONT'D)

Warrants B 2020/2023

A total 124,999,999 free Warrants B were issued by the Company on 20 October 2020 on the basis of one (1) Warrant B for every four (4) existing ordinary shares held. Each Warrant B entitles the holder the right to subscribed for one (1) new ordinary share of the Company at an exercise price of RM 0.235 per new ordinary share. The Warrants B will expire on 19 October 2023.

The salient terms of the above warrants 2020/2023 ("Warrants B") are as follows:

- (a) The Warrants B are constituted by a Deed Poll executed on 2 October 2020.
- (b) The Warrants B are traded separately.
- (c) The Warrants B can be exercised at any time within a period of three (3) years commencing from and including the date of issue, 20 October 2020 to 19 October 2023 ("Exercise Period"). Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid.
- (d) Each Warrants B entitles the holder of the Warrants B to subscribe for one (1) new ordinary share in the Company.
- (e) The holders shall not participate in any rights, allotments, dividends and/or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares upon the exercise of the Warrants B. The holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such holders exercise their Warrants B into new ordinary shares.
- (f) Subject to the provisions in the Deed Poll, the exercise price and/or the number of the Warrants B held by each Warrant B holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.

Warrants C 2022/2025

A total 137,508,560 free Warrants C were issued by the Company on 10 May 2022 on the basis of one (1) Warrant C for every four (4) existing ordinary shares held. Each Warrant C entitles the holder the right to subscribed for one (1) new ordinary share of the Company at an exercise price of RM 0.21 per new ordinary share. The Warrants C will expire on 9 May 2025.

The salient terms of the above warrants 2022/2025 ("Warrants C") are as follows:

- (a) The Warrants C are constituted by a Deed Poll executed on 15 April 2022.
- (b) The Warrants C are traded separately.
- (c) The Warrants C can be exercised at any time within a period of three (3) years commencing from and including the date of issue, 10 May 2022 to 9 May 2025 ("Exercise Period"). Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid.
- (d) Each Warrants C entitles the holder of the Warrants C to subscribe for one (1) new ordinary share in the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. SHARE CAPITAL (CONT'D)

Warrants C 2022/2025 (cont'd)

The salient terms of the above warrants 2022/2025 ("Warrants C") are as follows: (cont'd)

- (e) The holders shall not participate in any rights, allotments, dividends and/or other distributions, the entitlement date of which precedes the date of allotment of the new ordinary shares upon the exercise of the Warrants C. The holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such holders exercise their Warrants C into new ordinary shares.
- (f) Subject to the provisions in the Deed Poll, the exercise price and/or the number of the Warrants C held by each Warrant C holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.

14. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

15. BANK BORROWINGS

		The Group	
		2022 RM	2021 RM
Current			
Secured	- Trade bills	9,174,000	16,673,325
	- Term loans	7,150,241	7,476,186
Unsecured	- Term loans	294,186	272,062
		16,618,427	24,421,573
Non-current			
Secured	- Term loans	32,713,839	35,981,952
Unsecured	- Term loans	837,498	1,131,584
		33,551,337	37,113,536
		50,169,764	61,535,109
Total bank borrowings			
Secured	- Trade bills	9,174,000	16,673,325
	- Term loans	39,864,080	43,458,138
Unsecured	- Term loans	1,131,684	1,403,646
		50,169,764	61,535,109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

15. BANK BORROWINGS (CONTD)

- (a) The bank borrowings of the Group are secured by the followings:
- (i) Freehold land, factory buildings, certain machineries and certain capital work-in-progress held as property, plant and equipment (Note 5(a));
 - (ii) Leasehold land held as right-of-use assets (Note 6(b));
 - (iii) Corporate guarantee provided by the Company and a subsidiary.
- (b) The unsecured bank borrowings are guaranteed by the Company, a subsidiary's director and third parties.
- (c) The effective interest rates (% per annum) at the end of the reporting period for bank borrowings are as follows:

	The Group	
	2022	2021
	%	%
Trade bills	2.8 - 3.2	1.4 - 3.1
Term loans	3.5 - 8.3	3.1 - 8.3

16. HIRE PURCHASE PAYABLES

	The Group	
	2022	2021
	RM	RM
Minimum hire purchase payments		
- not later than one year	605,860	711,204
- later than one year and not later than five years	733,810	1,268,158
	1,339,670	1,979,362
Less : Future finance charges	(71,955)	(131,256)
Present value of hire purchase payables	1,267,715	1,848,106
Analysed by:		
Current liabilities	565,622	646,397
Non-current liabilities	702,093	1,201,709
	1,267,715	1,848,106

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

17. LEASE LIABILITIES

	The Group	
	2022 RM	2021 RM
At 1 January	398,820	505,172
Interest expense recognised in profit or loss (Note 22)	8,848	8,848
Repayment of principal	(106,352)	(106,352)
Repayment of interest expenses	(8,848)	(8,848)
At 31 December	292,468	398,820
Analysed by:		
Current liabilities	107,094	103,736
Non-current liabilities	185,374	295,084
	292,468	398,820

18. DEFERRED TAX LIABILITIES

The Group	At 1 January RM	Recognised in profit or loss (Note 24) RM	At 31 December RM
2022			
Deferred tax assets			
Unutilised reinvestment allowance	(3,600,000)	(1,100,000)	(4,700,000)
Deferred tax liabilities			
Property, plant and equipment	6,310,000	2,370,000	8,680,000
	2,710,000	1,270,000	3,980,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

18. DEFERRED TAX LIABILITIES (CONT'D)

The Group	At 1 January RM	Acquisition of a subsidiary RM	Recognised in profit or loss (Note 24) RM	At 31 December RM
2021				
Deferred tax assets				
Unutilised reinvestment allowance	(2,860,000)	-	(740,000)	(3,600,000)
Deferred tax liabilities				
Property, plant and equipment	4,560,000	360,000	1,390,000	6,310,000
	1,700,000	360,000	650,000	2,710,000

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Advance from customers	2,087,412	5,585,735	-	-
Other trade payables	6,351,597	10,304,343	-	-
	8,439,009	15,890,078	-	-
Other payables				
Accruals	3,112,329	2,699,358	76,900	72,112
Deposit payable	12,000	-	-	-
Goods and services tax payable	18,848	26,251	-	-
Sundry payables	3,492,212	4,146,282	16,921	12,066
	6,635,389	6,871,891	93,821	84,178
	15,074,398	22,761,969	93,821	84,178

- (a) The normal trade terms granted to the Group range from cash term to 90 days of credit (2021 : cash term to 90 days of credit).
- (b) Included in sundry payables of the Group is an amount of RM 2,459,624 (2021 : RM 1,116,126) payable for the purchase of property, plant and equipment (Note 5(c)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

20. REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers recognised at a point in time				
- Sale of home furniture products	129,551,310	80,228,999	-	-
- Sale of screw, nuts and spare parts	16,627,183	13,758,053	-	-
Revenue from other sources				
- Dividend income	-	-	4,500,000	-
	146,178,493	93,987,052	4,500,000	-

21. DIRECTORS' REMUNERATION

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive directors of the Company				
Fees	79,200	68,792	79,200	68,792
Salaries, bonuses and other benefits	1,569,204	1,168,001	5,600	5,600
Defined contribution plans	163,394	151,268	-	-
	1,811,798	1,388,061	84,800	74,392
Estimated monetary value of benefits-in-kind	56,000	56,000	-	-
	1,867,798	1,444,061	84,800	74,392
Non-executive directors of the Company				
Fees	128,400	111,527	128,400	111,527
Salaries, bonuses and other benefits	7,700	8,400	7,700	8,400
	136,100	119,927	136,100	119,927

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

21. DIRECTORS' REMUNERATION (CONT'D)

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive director of a subsidiary				
Salaries, bonuses and other benefits	309,651	252,894	-	-
Defined contribution plans	37,022	37,245	-	-
	346,673	290,139	-	-
Estimated monetary value of benefits-in-kind	23,950	23,950	-	-
	370,623	314,089	-	-
	2,374,521	1,878,077	220,900	194,319
Analysis excluding monetary value of benefits-in-kind:				
Total executive directors' remuneration	2,158,471	1,678,200	84,800	74,392
Total non-executive directors' remuneration	136,100	119,927	136,100	119,927
	2,294,571	1,798,127	220,900	194,319

22. FINANCE COSTS

	The Group	
	2022 RM	2021 RM
Interest expenses on financial liabilities that are not at fair value through profit or loss		
- bank overdrafts	5,031	5,063
- hire purchase	67,874	73,985
- term loans	1,645,138	1,282,771
- trade bills	231,225	282,210
Interest expense on lease liabilities (Note 17)	8,848	8,848
	1,958,116	1,652,877
Trade bills charges	71,139	76,269
	2,029,255	1,729,146

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

23. PROFIT/(LOSS) BEFORE TAX

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
This is arrived at after charging:				
Auditors' remuneration				
- audit fees	91,500	81,500	25,000	20,000
- under provision in previous financial year	3,000	-	3,000	-
- non-audit fees				
- auditors of the Company	4,500	3,800	4,500	3,800
Bad debts written off	4,722	-	-	-
Depreciation				
- property, plant and equipment	5,406,346	4,666,132	-	-
- right-of-use assets	133,405	133,405	-	-
Flood loss on inventory work-in-progress	-	109,848	-	-
Property, plant and equipment written off	62,498	82	-	-
Staff costs (including key management personnel as disclosed in Note 21)				
- short-term employee benefits	21,090,045	15,397,831	84,800	74,392
- defined contribution plans	1,051,446	856,256	-	-
- others	1,498,652	1,333,684	-	-
Unrealised loss on foreign exchange	302,453	-	-	-
And crediting:				
Gain on disposal of property, plant and equipment	(46,500)	(113,500)	-	-
Insurance claims on flood incident	-	(95,990)	-	-
Realised gain on foreign exchange	(2,409,565)	(1,044,652)	-	-
Total interest income on financial assets that are not at fair value through profit or loss	(84,141)	(26,976)	(2,236)	(1,050)
Unrealised gain on foreign exchange	-	(90,339)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

24. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense				
- for the financial year	1,480,000	930,000	-	-
- (over)/under provision in prior years	(343,587)	(33,445)	-	517
	1,136,413	896,555	-	517
Deferred tax expense (Note 18)				
- origination/(reversal) of temporary differences	1,790,000	(69,000)	-	-
- (over)/under provision in previous financial year	(562,000)	719,000	-	-
- effect of change in corporate income tax rate	42,000	-	-	-
	1,270,000	650,000	-	-
	2,406,413	1,546,555	-	517

A reconciliation of income tax expense applicable to the profit/(loss) before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before tax	22,409,354	5,166,622	3,962,895	(572,817)
Tax at statutory tax rate	5,379,000	1,240,000	951,000	(137,000)
Effect of differential in tax rate of a subsidiary	42,000	(42,000)	-	-
Tax effects of:				
- Non-taxable income	-	(48,000)	(1,080,000)	-
- Non-deductible expenses	299,000	452,000	129,000	137,000
- Saving from tax incentive	(1,837,000)	(92,000)	-	-
Utilisation of deferred tax assets	(571,000)	(649,000)	-	-
(Over)/Under provision of current tax expense in prior years	(343,587)	(33,445)	-	517
(Over)/Under provision of deferred tax in previous financial year	(562,000)	719,000	-	-
	2,406,413	1,546,555	-	517

The income tax is calculated at the Malaysian statutory tax rate of 24% (2021 : 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

25. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

	2022	The Group 2021
Profit after tax attributable to owners of the Company (RM)	19,802,458	3,376,275
Weighted average number of ordinary shares in issue (Units)	550,034,250	537,696,914
Basic earnings per ordinary share (Sen)	3.60	0.63

(b) Diluted earnings per ordinary share

	2022	The Group 2021
Profit after tax attributable to owners of the Company (RM)	19,802,458	3,376,275
	2022 Units	2021 Units
Weighted average number of ordinary shares in issue (Basic)	550,034,250	537,696,914
Effect of warrants	- *	18,414,061
Weighted average number of ordinary shares in issue (Diluted)	550,034,250	556,110,975
Diluted earnings per ordinary share (Sen)	3.60	0.61

* The potential conversion of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share.

26. DIVIDENDS

	2022 RM	The Group and The Company 2021 RM
In respect of the financial year ended 31 December 2022		
An interim dividend of 0.50 sen per ordinary share	2,750,171	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

27. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:

The Group	Term loans RM	Trade bills RM	Hire purchase RM	Lease liabilities RM	Total RM
2022					
At 1 January	44,861,784	16,673,325	1,848,106	398,820	63,782,035
<u>Changes in financing cash flows</u>					
Proceeds from drawdown	4,198,557	31,003,380	-	-	35,201,937
Repayment of principal	(8,064,577)	(38,502,705)	(659,391)	(106,352)	(47,333,025)
Repayment of interests	(1,645,138)	(231,225)	(67,874)	(8,848)	(1,953,085)
	(5,511,158)	(7,730,550)	(727,265)	(115,200)	(14,084,173)
<u>Non-cash changes</u>					
New hire purchase	-	-	79,000	-	79,000
Interest expenses recognised in profit or loss	1,645,138	231,225	67,874	8,848	1,953,085
	1,645,138	231,225	146,874	8,848	2,032,085
At 31 December	40,995,764	9,174,000	1,267,715	292,468	51,729,947
2021					
At 1 January	27,135,522	9,716,000	1,048,213	505,172	38,404,907
<u>Changes in financing cash flows</u>					
Proceeds from drawdown	17,948,265	34,059,325	-	-	52,007,590
Repayment of principal	(5,671,839)	(28,820,000)	(618,449)	(106,352)	(35,216,640)
Repayment of interests	(1,282,771)	(282,210)	(73,985)	(8,848)	(1,647,814)
	10,993,655	4,957,115	(692,434)	(115,200)	15,143,136
<u>Non-cash changes</u>					
Acquisition of a subsidiary	5,449,836	1,718,000	564,342	-	7,732,178
New hire purchase	-	-	854,000	-	854,000
Interest expenses recognised in profit or loss	1,282,771	282,210	73,985	8,848	1,647,814
	6,732,607	2,000,210	1,492,327	8,848	10,233,992
At 31 December	44,861,784	16,673,325	1,848,106	398,820	63,782,035

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

27. CASH FLOW INFORMATION (CONT'D)

(b) The total outflows for leases as lessee are as follows:

	The Group	
	2022 RM	2021 RM
Payment of low-value assets	14,400	14,250
Interest paid on lease liabilities	8,848	8,848
Payment of lease liabilities	106,352	106,352
	129,600	129,450

(c) The cash and cash equivalents comprise the following:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits, bank and cash balances	15,008,338	9,734,635	141,057	123,007
Less : Fixed deposits with tenure of more than 3 months	(1,000,000)	-	-	-
	14,008,338	9,734,635	141,057	123,007

28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

28. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:

	The Company	
	2022	2021
	RM	RM
Subsidiary		
Advance to	1,500,000	-
Dividend income	(4,500,000)	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Details of the compensation for these key management personnel are disclosed in Note 21.

29. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into 2 main reportable segments as follows:

- Furniture manufacturing segment - involved in the business of design, manufacture and sale of home furniture products.
- Hardware manufacturing segment - involved in the business of manufacture and sale of screw, nuts and spare parts.
- Others segment - involved in the business of investment holding and others.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

- (a) The chief operating decision maker assesses the performance of the reportable segments based on their profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

29.1 Business segments

2022	Furniture manufacturing segment RM	Hardware manufacturing segment RM	Others segment RM	The Group RM
Revenue				
- External revenue	129,551,310	16,627,183	-	146,178,493
- Inter-segment revenue	-	1,202,876	4,500,000	5,702,876
	129,551,310	17,830,059	4,500,000	151,881,369
Consolidation adjustments				(5,702,876)
Total revenue				146,178,493
Results				
Segment profit/(loss) before interest and tax	23,257,229	1,649,688	(552,449)	24,354,468
Interest income				84,141
Finance costs				(2,029,255)
				22,409,354
Income tax expense				(2,406,413)
Profit after tax				20,002,941

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

29.1 Business segments (cont'd)

2022	Furniture manufacturing segment RM	Hardware manufacturing segment RM	Others segment RM	The Group RM
Other information				
Depreciation of property, plant and equipment	4,631,700	774,646	-	5,406,346
Depreciation of right-of-use assets	133,405	-	-	133,405
Gain on disposal of property, plant and equipment	(46,500)	-	-	(46,500)
Property, plant and equipment written off	57,073	5,425	-	62,498
Realised (gain)/loss on foreign exchange	(2,429,847)	20,282	-	(2,409,565)
Unrealised loss on foreign exchange	302,453	-	-	302,453
Assets				
Segments assets	157,078,311	26,943,856	8,198,428	192,220,595
Unallocated assets:				
- current tax assets				1,333,240
Total assets				193,553,835
Liabilities				
Segment liabilities	61,428,673	5,277,417	98,255	66,804,345
Unallocated liabilities:				
- deferred tax liabilities				3,980,000
Total liabilities				70,784,345
Additions to non-current assets other than financial instruments				
- Property, plant and equipment	6,097,219	23,037	-	6,120,256
- Prepaid lease	-	-	1,266,027	1,266,027

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

29.1 Business segments (cont'd)

2021	Furniture manufacturing segment RM	Hardware manufacturing segment RM	Others segment RM	The Group RM
Revenue				
- External revenue	80,228,999	13,758,053	-	93,987,052
- Inter-segment revenue	-	804,943	-	804,943
	80,228,999	14,562,996	-	94,791,995
Consolidation adjustments				(804,943)
Total revenue				93,987,052
Results				
Segment profit/(loss) before interest and tax	4,969,777	2,485,192	(586,177)	6,868,792
Interest income				26,976
Finance costs				(1,729,146)
				5,166,622
Income tax expense				(1,546,555)
Profit after tax				3,620,067
Other information				
Depreciation of property, plant and equipment	4,099,278	566,854	-	4,666,132
Depreciation of right-of-use assets	133,405	-	-	133,405
Flood loss on inventory work-in-progress	109,848	-	-	109,848
Gain on disposal of property, plant and equipment	(87,000)	(26,500)	-	(113,500)
Insurance claims on flood incident	(95,990)	-	-	(95,990)
Property, plant and equipment written off	82	-	-	82
Realised (gain)/loss on foreign exchange	(1,067,907)	23,255	-	(1,044,652)
Unrealised gain on foreign exchange	(90,339)	-	-	(90,339)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

29.1 Business segments (cont'd)

2021	Furniture manufacturing segment RM	Hardware manufacturing segment RM	Others segment RM	The Group RM
Assets				
Segment assets	157,357,043	28,456,396	6,914,351	192,727,790
Unallocated assets:				
- current tax assets				2,179,839
Total assets				194,907,629
Liabilities				
Segment liabilities	77,752,411	8,700,459	91,134	86,544,004
Unallocated liabilities:				
- current tax liabilities				136,905
- deferred tax liabilities				2,710,000
Total liabilities				89,390,909
Additions to non-current assets other than financial instruments				
- Property, plant and equipment	19,646,932	849,166	-	20,496,098

29.2 Geographical information

Segmental information on non-current assets is not presented, as all assets are located in Malaysia. Segmental revenue is summarised based on the geographical region as follows:

	2022 RM	The Group 2021 RM
Africa	173,271	138,672
Asia (excluding Malaysia)	16,103,824	11,079,344
Australasia	10,602,932	7,395,506
Europe	10,141,572	5,996,827
North America	90,414,945	53,825,281
South America	796,050	980,368
Malaysia	17,945,899	14,571,054
	146,178,493	93,987,052

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

29.3 Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	2022 RM	The Group 2021 RM
Customer A	27,246,151	15,734,306

30. CAPITAL COMMITMENTS

	2022 RM	The Group 2021 RM
Purchase of property, plant and equipment	608,700	2,195,724
Additions to prepaid lease	422,010	1,688,037

31. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

31.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure

The Group	USD RM	RM RM	Others RM	Total RM
2022				
<u>Financial assets</u>				
Trade and other receivables (N1)	13,997,261	3,285,730	-	17,282,991
Deposits, bank and cash balances	8,597,041	6,381,043	30,254	15,008,338
	22,594,302	9,666,773	30,254	32,291,329
<u>Financial liabilities</u>				
Trade and other payables (N2)	(269,139)	(12,686,999)	-	(12,956,138)
Bank borrowings	-	(50,169,764)	-	(50,169,764)
	(269,139)	(62,856,763)	-	(63,125,902)
Net financial assets/(liabilities)	22,325,163	(53,189,990)	30,254	(30,834,573)
Less : Net financial liabilities denominated in the respective entities' functional currency	-	53,189,990	-	53,189,990
Currency exposure	22,325,163	-	30,254	22,355,417
2021				
<u>Financial assets</u>				
Trade and other receivables (N1)	7,996,638	6,333,262	-	14,329,900
Cash and bank balances	5,662,762	3,822,893	248,980	9,734,635
	13,659,400	10,156,155	248,980	24,064,535
<u>Financial liabilities</u>				
Trade and other payables (N2)	(202,727)	(16,947,256)	-	(17,149,983)
Bank borrowings	(1,299,771)	(60,235,338)	-	(61,535,109)
	(1,502,498)	(77,182,594)	-	(78,685,092)
Net financial assets/(liabilities)	12,156,902	(67,026,439)	248,980	(54,620,557)
Less : Net financial liabilities denominated in the respective entities' functional currency	-	67,026,439	-	67,026,439
Currency exposure	12,156,902	-	248,980	12,405,882

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

N1 - Excluding advance to suppliers, deposits, prepayments and certain receivables

N2 - Excluding advance from customers, deposit and certain payables

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:

	The Group	
	2022	2021
	RM	RM
Effects on profit after tax		
USD/RM		
- strengthened by 5%	848,356	461,962
- weakened by 5%	(848,356)	(461,962)

There is no impact on the Group's equity.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed bank and fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:

	The Group	
	2022	2021
	RM	RM
Effects on profit after tax		
- Increase of 50 basis points	(144,515)	(117,943)
- Decrease of 50 basis points	144,515	117,943

There is no impact on the Group's equity.

The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiary, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by one (2021 : one) customers which constituted approximately 52% (2021 : 23%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	The Group	
	2022 RM	2021 RM
Asia (excluding Malaysia)	1,325,806	1,056,502
Australasia	544,379	554,763
Europe	917,195	707,236
North America	11,209,881	5,678,137
Malaysia	3,232,849	5,956,349
	17,230,110	13,952,987

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM 50,132,535 (2021 : RM 56,195,532) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, assumptions and techniques used for estimating impairment losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 1 year (2021 : 1 year) before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Trade receivables (cont'd)

Inputs, assumptions and techniques used for estimating impairment losses (cont'd)

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The information about the exposure to credit risk for trade receivables is summarised below:

	The Group	
	2022	2021
	RM	RM
Carrying amount		
Current (not past due)	14,999,317	11,456,090
1 to 90 days past due	2,197,752	2,447,460
91 to 180 days past due	33,041	49,437
	<hr/>	<hr/>
	17,230,110	13,952,987

Other receivables

The Group measures the expected credit loss of other receivables that are credit impaired and with a high risk of default on individual basis.

At the end of the reporting period, there was no indication that the other receivables are not recoverable.

Amount owing by a subsidiary (non-trade balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, assumptions and techniques used for estimating impairment losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Amount owing by a subsidiary (non-trade balances) (cont'd)

Inputs, assumptions and techniques used for estimating impairment losses (cont'd)

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

At the end of the reporting period, there was no indication that the amount owing is not recoverable.

Fixed deposits with licensed bank, bank and cash balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial guarantee contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

The Group	Effective interest rate % per annum	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2022						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	12,956,138	12,956,138	12,956,138	-	-
Bank borrowings						
- Trade bills	2.8 - 3.2	9,174,000	9,174,000	9,174,000	-	-
- Term loans	3.5 - 8.3	40,995,764	46,183,007	8,865,661	27,374,577	9,942,769
Hire purchase payables	3.9 - 5.6	1,267,715	1,339,670	605,860	733,810	-
Lease liabilities	3.2	292,468	316,800	115,200	201,600	-
		64,686,085	69,969,615	31,716,859	28,309,987	9,942,769
2021						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	17,149,983	17,149,983	17,149,983	-	-
Bank borrowings						
- Trade bills	1.4 - 3.1	16,673,325	16,673,325	16,673,325	-	-
- Term loans	3.1 - 8.3	44,861,784	51,280,942	9,297,016	30,619,958	11,363,968
Hire purchase payables	3.9 - 5.6	1,848,106	1,979,362	711,204	1,268,158	-
Lease liabilities	3.2	398,820	432,000	115,200	316,800	-
		80,932,018	87,515,612	43,946,728	32,204,916	11,363,968

N1 - Excluding advance from customers, deposit and certain payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The Company	Effective interest rate % per annum	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
2022				
<u>Non-derivative financial liabilities</u>				
Trade and other payables	-	93,821	93,821	93,821
Financial guarantee contracts in relation to corporate guarantee given certain subsidiaries		-	50,132,535	50,132,535
		93,821	50,226,356	50,226,356
2021				
<u>Non-derivative financial liabilities</u>				
Trade and other payables	-	84,178	84,178	84,178
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary		-	56,195,532	56,195,532
		84,178	56,279,710	56,279,710

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiary at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

31.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Capital risk management (cont'd)

The Group manages its capital based on net debt-to-equity ratio that complies with debt covenants and regulatory, if any. The net debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The net debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	The Group	
	2022 RM	2021 RM
Bank borrowings	50,169,764	61,535,109
Hire purchase payables	1,267,715	1,848,106
Lease liabilities	292,468	398,820
	51,729,947	63,782,035
Less : Fixed deposits with licensed bank	(2,500,000)	-
Less : Cash and bank balances	(12,508,338)	(9,734,635)
Net debt	36,721,609	54,047,400
Total equity	122,769,490	105,516,720
Net debt-to-equity ratio	0.30	0.51

There was no change in the Group's approach to capital management during the financial year.

31.3 Classification of financial instruments

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
<u>Amortised cost</u>				
Trade and other receivables (N1)	17,282,991	14,329,900	29,131,105	27,931,516
Deposits, bank and cash balances	15,008,338	9,734,635	141,057	123,007
	32,291,329	24,064,535	29,272,162	28,054,523
Financial liabilities				
<u>Amortised cost</u>				
Trade and other payables (N2)	12,956,138	17,149,983	93,821	84,178
Bank borrowings	50,169,764	61,535,109	-	-
	63,125,902	78,685,092	93,821	84,178

N1 - Excluding advance to suppliers, deposits, prepayments and certain receivables

N2 - Excluding advance from customers, deposit and certain payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 Gains or losses arising from financial instruments

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
<u>Amortised cost</u>				
Net (losses)/gains recognised in profit or loss	(259,627)	103,941	2,236	1,050
Financial liabilities				
<u>Amortised cost</u>				
Net losses recognised in profit or loss	(1,844,801)	(1,556,670)	-	-

31.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair values of term loans approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

32. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year.

	Amount as restated RM	Amount as previously reported RM
The Group		
Statements of financial position		
Non-current assets		
Property, plant and equipment	102,076,937	99,824,499
Right-of-use assets	2,453,750	4,706,188
Non-current liabilities		
Lease liabilities	295,084	1,496,793
Hire purchase payables	1,201,709	-
Current liabilities		
Lease liabilities	103,736	750,133
Hire purchase payables	646,397	-

LIST OF PROPERTIES

AT 31 DECEMBER 2022

Registered owner	Location	Tenure/ Expiry of lease	Description and existing use	Approximate age of building	Total land area	Carrying amount as at 31 December 2022 (RM'000)	Date of Acquisition
Wegmans Furniture Industries Sdn. Bhd. ("WFI")	Lot 2814, Mukim Parit Jawa District of Muar, Johor Held under Geran 96064	Freehold	2 blocks of single storey factories with a double storey production office in each block	5 years	254,436 sq. ft.	10,420	27 July 2015
WFI	PTD 6967, Mukim Parit Bakar District of Muar, Johor Held under Hakmilik Sementara (Mukim) 2571	99 years lease expiring on 12 April 2099 (unexpired lease term : 81 years)	3 blocks of single storey factory together with a three-storey building for office and showroom	12 to 16 years	249,563 sq. ft.	7,520	22 December 2003
WFI	PTD 6898, Mukim Parit Jawa District of Muar, Johor Held under Hakmilik Sementara (Mukim) 2755	Freehold	4 blocks of single storey factory, a four-storey workers' hostel together with a three-storey building for office and showroom	1 to 5 years	905,397 sq. ft.	48,350	24 June 2016
Wison Screw Industries Sdn. Bhd.	Lot 16689, Mukim Jalan Bakri District of Muar, Johor Held under Geran 406533	Freehold	A single storey factory with a double storey detached office building	12 years	95,863 sq. ft.	3,483	9 November 2009
Wegmans Woodwork Sdn. Bhd.	PLO 118, PLO 119, PLO 120 and PLO 121, Muar Furniture Park*	Leasehold	4 plots of industrial land	N/A	12.11 acres	8,056	27 February 2019

* Lands held under Master Title of HS(D) 38459, PTD 13399 and HS(D) 38460, PTD 13400, Geran 50191, Lot 8531 situated in the Mukim of Jalan Bakri, District of Muar, Johor Darul Takzim which titles have yet to be issued. The lands are under development and not ready to use and included in the prepaid lease of the Group.

ANALYSIS OF SHAREHOLDINGS

AT 31 MARCH 2023

Issued and Fully Paid Up Share Capital : RM68,154,324.99 comprising 550,034,250 ordinary shares
 Class of Shares : Ordinary shares
 Voting Right : One vote per ordinary share at any shareholders' meeting
 Number of Shareholders : 2,576

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of issued share capital
Less than 100	4	0.155	150	0.000
100 to 1,000	213	8.269	131,800	0.024
1,001 to 10,000	938	36.413	6,335,600	1.152
10,001 to 100,000	1,183	45.924	45,079,700	8.196
100,001 to 27,501,711*	235	9.123	133,133,100	24.205
27,501,712 and above**	3	0.116	365,353,900	66.423
Total	2,576	100.000	550,034,250	100.000

Notes:

* Less than 5% of issued shares.

** 5% and above of issued shares.

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS (Holding 5% or more of the share capital)

Name of Shareholders	Direct	No. of shares held %	Indirect	%
Keh Wee Kiet	175,000,000	31.816	-	-
Law Kok Lim	175,000,000	31.816	-	-
BS Value Sdn Bhd	33,353,900	6.064	-	-
Kek Wee Beng	18,006,900	3.273	33,353,900 ⁽¹⁾	6.064
See Beng Yeaw	-	-	33,353,900 ⁽¹⁾	6.064

Note:

⁽¹⁾ Deemed interested by virtue of his direct interest in BS Value Sdn Bhd.

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	No. of shares held %	Indirect	%
Keh Wee Kiet	175,000,000	31.816	-	-
Law Kok Lim	175,000,000	31.816	-	-
Chan Wan Seong	600,000	0.109	-	-
Maziah Binti Md Yamin	-	-	-	-
Faam Chang Pooh	-	-	25,000 ⁽¹⁾	0.005

Note:

⁽¹⁾ Deemed interested by virtue of his spouse's interest in the Company.

ANALYSIS OF SHAREHOLDINGS

AT 31 MARCH 2023 (CONT'D)

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AT 31 March 2023 (AS PER THE RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of shares held	% of shares
1	Law Kok Lim	175,000,000	31.816
2	Keh Wee Kiet	157,000,000	28.543
3	BS Value Sdn. Bhd.	33,353,900	6.064
4	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Keh Wee Kiet</i>	18,000,000	3.272
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Kek Wee Beng</i>	11,897,900	2.163
6	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Kwong Ming Kwei (08KW032ZQ-008)</i>	7,455,200	1.355
7	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tan Chin Hooi</i>	6,841,000	1.243
8	Kek Wee Beng	6,109,000	1.110
9	Koo Yee Fong	4,413,300	0.802
10	See Chin Siong	3,181,000	0.578
11	Goh How Gee	3,022,000	0.549
12	Lim Peng Kak @ Lim Beng Kok	1,862,800	0.338
13	Tan Cher Lin	1,785,000	0.324
14	Boo Bu Wee	1,313,000	0.238
15	Teh Bee Gaik	1,231,600	0.223
16	Chow Yoke Peng	1,166,600	0.212
17	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn. Bhd. For Law Jue Qi</i>	1,153,000	0.209
18	Tnay Meng Chon	1,062,700	0.193
19	See Chii Wei	1,050,000	0.190
20	Chan Amy	1,000,000	0.181
21	Ong Tey See	1,000,000	0.181
22	Lim May Haw	900,000	0.163
23	Ong Teng Yew	900,000	0.163
24	Law Eng Hwa	880,000	0.159
25	Lim Yong Guan	867,600	0.157
26	Ong Siong Jin	818,800	0.148
27	Chua Ting Wah	800,000	0.145
28	Goh Su Lee	800,000	0.145
29	Lai Choi Mee	800,000	0.145
30	Saw Ghee Keong	800,000	0.145
Total		446,464,400	81.154

ANALYSIS OF WARRANTS B HOLDINGS

AT 31 MARCH 2023

Number of Warrants B Issued	: 124,999,999 Warrants B
Number of Warrants B Exercised	: 3,450 Warrants B
Number of Warrants B Unexercised	: 124,996,549 Warrants B
Exercise Price Per Warrant B	: RM 0.235
Number of Warrants holders	: 1,521

DISTRIBUTION OF WARRANTS B HOLDINGS

Size of holdings	No. of Warrants B Holders	% of Warrants B Holders	No. of Warrants B	% of Warrants B
Less than 100	421	27.679	19,322	0.015
100 to 1,000	250	16.437	108,075	0.087
1,001 to 10,000	446	29.323	1,632,452	1.306
10,001 to 100,000	282	18.540	11,770,725	9.417
100,001 to 6,249,826*	120	7.890	48,965,975	39.174
6,249,827 and above**	2	0.131	62,500,000	50.001
Total	1,521	100.000	124,996,549	100.000

Notes:

* Less than 5% of issued warrants.

** 5% and above of issued warrants.

DIRECTORS' WARRANTS B HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' WARRANTHOLDINGS

Name of Directors	No. of Warrants B held			
	Direct	%	Indirect	%
Keh Wee Kiet	18,750,000	15.000	-	-
Law Kok Lim	43,750,000	35.000	-	-
Chan Wan Seong	-	-	-	-
Maziah Binti Md Yamin	-	-	-	-
Faam Chang Pooh	-	-	6,250 ⁽¹⁾	0.005

Note:

⁽¹⁾ Deemed interested by virtue of his spouse's interest in the Company.

ANALYSIS OF WARRANTS B HOLDINGS

AT 31 MARCH 2023 (CONT'D)

LIST OF TOP THIRTY (30) LARGEST WARRANTS B HOLDERS AT 31 March 2023 (AS PER THE RECORD OF DEPOSITORS)

No.	Name of Warrants B Holders	No. of Warrants B	% of Warrants B
1	Law Kok Lim	43,750,000	35.000
2	Keh Wee Kiet	18,750,000	15.000
3	Chang Gok Lau	2,533,700	2.027
4	Ng Than Seng	2,081,100	1.664
5	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Choo Sin Poh</i>	1,852,500	1.482
6	Oon Phaik Siew	1,850,000	1.480
7	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Kek Wee Beng</i>	1,078,775	0.863
8	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Chua Eng Ho Wa'a @ Chua Eng Wah</i>	1,061,100	0.848
9	Chiam Chee Chye	1,027,400	0.821
10	Lim May Haw	1,000,000	0.800
11	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Toung Kok Chew (E-PRA/BTW)</i>	1,000,000	0.800
12	Tnay Meng Chon	977,600	0.782
13	Khoo Chin Seong	946,900	0.757
14	Loi Swee Peng	881,200	0.704
15	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn Bhd For Pua Tiong Eng</i>	860,000	0.688
16	Teh Bee Gaik	830,800	0.664
17	GV Asia Fund Limited	800,000	0.640
18	Goh How Gee	755,500	0.604
19	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn Bhd For Khor Peng Huat</i>	743,600	0.594
20	Koo Yee Fong	722,200	0.577
21	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Kee Woei Kiat</i>	722,000	0.577
22	Goh Tye Nan	700,000	0.560
23	Tan Cher Lin	645,750	0.516
24	Loh Keng Joo	629,700	0.503
25	See Chin Siong	623,250	0.498
26	Lai Wei Ming	592,900	0.474
27	Lee Youn Kooi	579,500	0.463
28	Lo Boon Son	555,500	0.444
29	Goh Jia Yi	525,000	0.420
30	Mohd. Amin Bin Ahmad	510,900	0.408
Total		89,586,875	71.658

ANALYSIS OF WARRANTS C HOLDINGS

AT 31 MARCH 2023

Number of Warrants C Issued	: 137,508,560 Warrants C
Number of Warrants C Exercised	: -
Number of Warrants C Unexercised	: 137,508,560 Warrants C
Exercise Price Per Warrant C	: RM 0.210
Number of Warrants holders	: 2,365

DISTRIBUTION OF WARRANTS C HOLDINGS

Size of holdings	No. of Warrants C Holders	% of Warrants C Holders	No. of Warrants C	% of Warrants C
Less than 100	252	10.655	10,778	0.008
100 to 1,000	359	15.180	182,300	0.133
1,001 to 10,000	1,269	53.658	4,975,982	3.619
10,001 to 100,000	431	18.224	12,582,725	9.150
100,001 to 6,875,427*	51	2.156	28,418,300	20.666
6,875,427 and above**	3	0.127	91,338,475	66.424
Total	2,365	100.000	137,508,560	100.000

Notes:

* Less than 5% of issued warrants.

** 5% and above of issued warrants.

DIRECTORS' WARRANTS C HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' WARRANTHOLDINGS

Name of Directors	No. of Warrants C held			
	Direct	%	Indirect	%
Keh Wee Kiet	43,750,000	31.816	-	-
Law Kok Lim	43,750,000	31.816	-	-
Chan Wan Seong	150,000	0.109	-	-
Maziah Binti Md Yamin	-	-	-	-
Faam Chang Pooh	-	-	-	-

ANALYSIS OF WARRANTS C HOLDINGS

AT 31 MARCH 2023 (CONT'D)

LIST OF TOP THIRTY (30) LARGEST WARRANTS C HOLDERS AT 31 March 2023 (AS PER THE RECORD OF DEPOSITORS)

No.	Name of Warrants C Holders	No. of Warrants C	% of Warrants C
1	Law Kok Lim	43,750,000	31.816
2	Keh Wee Kiet	39,250,000	28.543
3	BS Value Sdn. Bhd.	8,338,475	6.064
4	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Chin Hooi	4,856,400	3.531
5	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Keh Wee Kiet	4,500,000	3.272
6	RHB Capital Nominees (Tempatan) Sdn. Bhd. Kek Wee Beng	2,974,225	2.162
7	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kwong Ming Kwei (08KW032ZQ-008)	1,779,300	1.293
8	Teh Bee Gaik	1,735,900	1.262
9	Kek Wee Beng	1,390,000	1.010
10	Koo Yee Fong	772,200	0.561
11	Goh How Gee	755,500	0.549
12	Toh Wee Keng	700,000	0.509
13	See Chin Siong	695,250	0.505
14	Sundarasan A/L Rajappan	650,000	0.472
15	Tnay Meng Chon	533,100	0.387
16	Tan Cher Lin	446,250	0.324
17	Boo Bu Wee	328,250	0.238
18	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. For Law Jue Qi	280,750	0.204
19	Ong Tey See	250,000	0.181
20	Chan Amy	225,000	0.163
21	Mohamed Burhan Bin Mohd Alahudin	225,000	0.163
22	Ong Teng Yew	225,000	0.163
23	Law Eng Hwa	220,000	0.159
24	Wong Hang Seng	207,500	0.150
25	Neo Kian Keong	205,000	0.149
26	Chua Ting Wah	200,000	0.145
27	Goh Su Lee	200,000	0.145
28	Malarveni A/P Periasamy	200,000	0.145
29	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ngu Ting Tong (LBU)	200,000	0.145
30	Teoh Tian Seng	200,000	0.145
Total		116,293,100	84.555

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of WEGMANS HOLDINGS BERHAD ("the Company") will be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor Darul Takzim on Thursday, 25 May 2023 at 11.00 a.m. for the transaction of the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees and benefits up to RM240,000.00 for the financial year ending 31 December 2023 payable quarterly in arrears after each quarter of completed service of the Directors during the subject financial year. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire in accordance with Clause 90 of the Company's Constitution:-
 - i. Keh Wee Kiet **(Ordinary Resolution 2)**
 - ii. Maziah Binti Md Yamin **(Ordinary Resolution 3)**
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications as ordinary resolutions:-

5. **Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **(Ordinary Resolution 5)**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant regulatory authorities (where applicable), the Directors of the Company be hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being ("Proposed General Mandate").

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier.

THAT the Directors of the Company be hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for such New Shares on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AND THAT authority be hereby given to the Directors of the Company, to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation thereto as to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 8 of the Company's Constitution, approval be hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer New Shares arising from the issuance and allotment of the New Shares pursuant to Sections 75 and 76 of the Companies Act 2016 AND THAT the Directors of the Company are exempted from the obligation to offer such New Shares first to the existing shareholders of the Company."

6. Proposed authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital (Ordinary Resolution 6)

"THAT subject to compliance with the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be hereby given full authority, to seek shareholders' approval for the authority for the Company to purchase and/or such amount of ordinary shares in the Company ("Shares") through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

- (i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued share capital of the Company; and
- (ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company;

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

THAT the Directors be hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 127 of the Companies Act 2016) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Companies Act 2016, rules, regulations, guidelines, requirements and/or orders of Bursa Malaysia Securities Berhad and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate."

7. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

NG MEI WAN

(SSM Practicing Certificate No.: 201908000801) (MIA 28862)

TAN HUI KHIM

(SSM Practicing Certificate No.: 201908000859) (LS 0009936)

Company Secretaries

Muar, Johor Darul Takzim

26 April 2023

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 18 May 2023 shall be regarded as members and be entitled to attend, participate, speak and vote at the Sixth Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. 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.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.
6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Sixth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Details of Sixth Annual General Meeting.

EXPLANATORY NOTES TO THE AGENDA

8. **Item 1 of the Agenda** **Audited Financial Statements**

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. **Item 2 of the Agenda - Ordinary Resolution 1** **Approval of Directors' fees and benefits for the financial year ending 31 December 2023**

Directors' fees and benefits approved for the financial year ended 31 December 2022 was RM240,000.00. The Directors' fees and benefits proposed for the financial year ending 31 December 2023 are calculated based on the number of scheduled Board and Committee Meetings for 2023 and assuming that all the Non-Executive Directors will hold office until the end of the subject financial year.

This resolution is to facilitate payment of Directors' fees and benefits on a quarterly basis and/or as and when required. In the event the Directors' fees proposed are insufficient (e.g. due to more meetings), approval will be sought at the next annual general meeting for additional fees and benefits to meet the shortfall.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

10. Item 5 of the Agenda - Ordinary Resolution 5

Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

- (a) The proposed Ordinary Resolution no. 5, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Sixth Annual General Meeting to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company up to an amount not exceeding ten percent (10%) of the total number of issued share capital of the Company. This authority, unless revoked or varied at a general meeting shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.
- (b) The General Mandate is a renewal of the previous mandate obtained at the last Annual General Meeting held on 26 May 2022 which will expire at the conclusion of the forthcoming Annual General Meeting.
- (c) As at the date of this Notice, the Company did not issue any new ordinary shares based on the previous mandate obtained at the last Annual General Meeting.
- (d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions.
- (e) By voting in favour the proposed Ordinary Resolution 5, the shareholders of the Company shall agree to waive and deemed to have waived their statutory pre-emptive right and thus will allow the Directors to issue New Shares to any person under the General Mandate without having to offer the New Shares to all existing shareholders of the Company prior to issuance of the New Shares.

11. Item 6 of the Agenda - Ordinary Resolution 6

Proposed authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital

The proposed Ordinary Resolution 6, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total issued share capital of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

Further details are set out in the Statement to Shareholders dated 26 April 2023.

12. ANNUAL REPORT

The Annual Report for the financial year ended 31 December 2022 is now available at the Company's corporate website, www.wegmans.com.my. Printed copy of the Annual Report shall be provided to the shareholders upon request soonest possible from the date of receipt of the request.

Shareholder who wish to receive the printed Annual Report may request at <https://tiih.online> by select "Request for Annual Report/Circular" under the "Investor Services" to submit the request form electronically or contacting Tricor Investor & Issuing House Services Sdn. Bhd. [197101000970 (11324-H)] at 03-27839299 or email your request to is.enquiry@my.tricorglobal.com.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Details of Individuals Standing for Election as Directors

No individual is seeking election as a Director at the Sixth Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Please refer to item 10 – Explanatory Notes to the Agenda for Ordinary Resolution 5 on proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

ADMINISTRATIVE GUIDE FOR THE SIXTH ANNUAL GENERAL MEETING (“6TH AGM”) OF WEGMANS HOLDINGS BERHAD

Date : Thursday, 25 May 2023
Time : 11.00 a.m.
Venue of Meeting : BEI BOUTIQUE HOTEL, Centro Meeting Hall,
Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor

1. CORPORATE MEMBERS

- a. Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) on or before the AGM.
- b. Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor not later than **Tuesday, 23 May 2023 at 11.00 a.m.** to attend and vote at the 6TH AGM.

2. GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

- a. Only a depositor whose name appears on the ROD as at **18 May 2023** shall be entitled to attend, participate, speak and vote at the 6TH AGM or appoint proxies to attend and/or vote on his/her behalf.

3. PROXY

- a. You may also submit the Form of Proxy electronically via **TIIH Online** website at <https://tiih.online> no later than **Tuesday, 23 May 2023 at 11.00 a.m.**
- b. Alternatively, you may submit your Form of Proxy to Tricor by fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com. However, please ensure that the **Original Form of Proxy** is deposited at Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 6TH AGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid.

ADMINISTRATIVE GUIDE FOR THE SIXTH ANNUAL GENERAL MEETING (“6TH AGM”) OF WEGMANS HOLDINGS BERHAD (CONT'D)

4. ELECTRONIC LODGEMENT OF FORM OF PROXY

- a. The procedures to lodge your Form of Proxy electronically via Tricor's TIH Online website are summarised below:

Procedure		Action
1. Steps for Individual Members		
(a)	Register as a User with TIH Online	<ul style="list-style-type: none"> Please access the website at https://tiih.online. Register as a user under the “e-Services”. Select the “Sign Up” button and followed by “Create Account by Individual Holder”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIH Online, you are not required to register again.
(b)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. Select the corporate event: “WEGMANS HOLDINGS BERHAD 6TH AGM – SUBMISSION OF PROXY FORM”. Read and agree to the terms and conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print Form of Proxy for your record.
2. Steps for Corporation or Institutional Members		
(c)	Register as a User with TIH Online	<ul style="list-style-type: none"> Access TIH Online website at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional member selects the “Sign Up” button and followed by “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>

ADMINISTRATIVE GUIDE FOR THE SIXTH ANNUAL GENERAL MEETING (“6TH AGM”) OF WEGMANS HOLDINGS BERHAD (CONT'D)

4. ELECTRONIC LODGEMENT OF FORM OF PROXY (CONT'D)

- a. The procedures to lodge your Form of Proxy electronically via Tricor's TIH Online website are summarised below: (cont'd)

Procedure		Action
2. Steps for Corporation or Institutional Members (cont'd)		
(d)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> • Login to TIH Online website at https://tiih.online. • Select the corporate event: “WEGMANS HOLDINGS BERHAD 6TH AGM – SUBMISSION OF PROXY FORM”. • Read and agree to the terms and conditions and confirm the Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

5. POLL VOTING

- a. The Voting at the 6TH AGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and MK Advisory Management as Scrutineers to verify the poll results.
- b. During the 6TH AGM, the Chairman will invite the Poll Administrator to brief on the Voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.
- c. Upon completion of the voting session for the 6TH AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

6. ANNUAL REPORT 2022

- a. The Company's Annual Report 2022 is available at the Company's website at www.wegmans.com.my.
- b. Should you require a printed copy of the Annual Report 2022, please request at our Share Registrar's website at <https://tiih.online> by selecting “Request for Annual Report/Circular” under the “Investor Services” or kindly contact Tricor. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

ADMINISTRATIVE GUIDE FOR THE SIXTH ANNUAL GENERAL MEETING (“6TH AGM”) OF WEGMANS HOLDINGS BERHAD (CONT'D)

7. REGISTRATION

- a. Please present your original National Registration Identity Card (“NRIC”) or passport to the registration staff for verification.
- b. Upon verification, you are required to write your name, mobile contact and sign the attendance list placed on the registration table.
- c. No person will be allowed to register on behalf of another person even with the original NRIC or passport of the other person.

8. HELP DESK

- a. Please proceed to the Help Desk for any clarification or queries apart from registration details.
- b. The Help Desk will also handle revocation of proxy’s appointment.

9. RECORDING OR PHOTOGRAPHY

- a. Strictly **NO** unauthorised recording or photography of the 6TH AGM proceedings is allowed.

10. ENQUIRY

- a. If you have any enquiries on the above, please contact our Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com

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FORM OF PROXY

WEGMANS HOLDINGS BERHAD

Registration No. : 201701005154 (1219319 - D)
(Incorporated in Malaysia)

*I/We _____
[Full name in capital letters]

*NRIC No./Registration No. _____ of _____
[Full address]

_____ being a *Member/Members of Wegmans Holdings Berhad

("Company"), hereby appoint _____
[Full name in capital letters]

*NRIC No./Passport No _____ of _____

_____ *and/or
[Full address]

_____ *NRIC No./Passport No _____
[Full name in capital letters]

of _____
[Full address]

_____ or failing *him/her, the Chairman of the Meeting as
*my/our proxy to vote for *me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held at
BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor Darul Takzim on Thursday,
25 May 2023 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

RESOLUTION	AGENDA	FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' fees and benefits for the financial year ending 31 December 2023		
Ordinary Resolution 2	Re-election of Keh Wee Kiet as Director		
Ordinary Resolution 3	Re-election of Maziah Binti Md Yamin as Director		
Ordinary Resolution 4	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
Ordinary Resolution 5	Renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 6	Authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital		

Please indicate with an "X" or "√" in the space provided above on how you wish your vote to be cast on the resolutions specified. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her discretion.

Signed this _____ day of _____ 2023

The proportion of *my/our shareholding to be represented by *my/our *proxy/proxies are as follows:

	No. of Shares	Percentage
First Named Proxy		
Second Named Proxy		
Total		100%

CDS Account No.	
No. of Shares held	

Signature of Member or Common Seal

* To delete as appropriate

Fold This Flap For Sealing

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 18 May 2023 shall be regarded as members and be entitled to attend, participate, speak and vote at the Sixth Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. 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.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.
6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via TIH Online website at <https://tiah.online> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Sixth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Details of Sixth Annual General Meeting.

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AFFIX
STAMP

The Share Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.
Registration No.: 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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Personal data privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the Sixth Annual General Meeting and any adjournment thereof.



WEGMANS
HOLDINGS BERHAD

Registration No. : 201701005154 (1219319 - D)
(Incorporated in Malaysia under the Companies Act 2016)

www.wegmans.com.my