OCB BERHAD

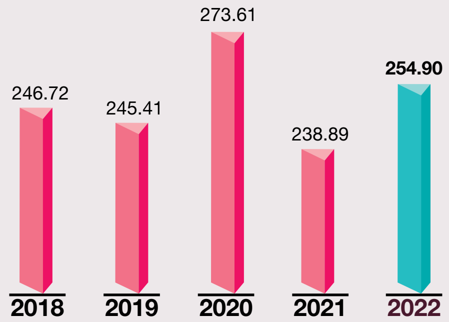
[Registration No. 195901000114 (3465-H)]

Annual Report 2022

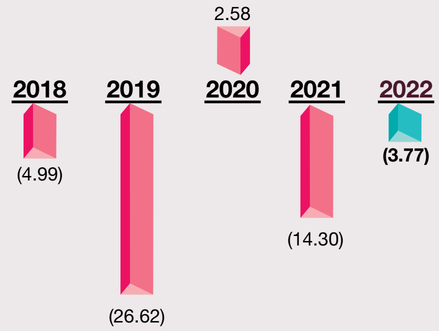
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
Revenue (RM'million)	246.72	245.41	273.61	238.89	**254.90**
Earnings/(Loss) before interest, taxes, depreciation and amortisation ("EBITDA") (RM'million)	8.40	(14.28)	15.59	(3.36)	**7.92**
Profit/(Loss) before taxation (RM'million)	(3.23)	(25.38)	4.96	(13.90)	**(2.00)**
Profit/(Loss) after taxation (RM'million)	(4.99)	(26.62)	2.58	(14.30)	**(3.77)**
Net Profit/(Loss) attributable to equity holders (RM'million)	(4.98)	(26.48)	2.60	(14.10)	**(3.61)**
Total assets (RM'million)	294.41	276.51	276.77	302.60	**301.34**
Total borrowings and lease liabilities (RM'million)	41.11	40.16	40.41	84.14	**84.95**
Shareholders' equity (RM'million)	212.63	186.15	188.75	173.11	**169.41**
Earnings/(Loss) per share (Sen)	(4.84)	(25.74)	2.53	(13.71)	**(3.51)**
Net assets per share (RM)	2.07	1.81	1.84	1.68	**1.65**

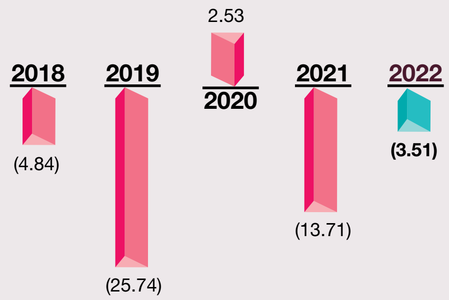
REVENUE
(RM'million)



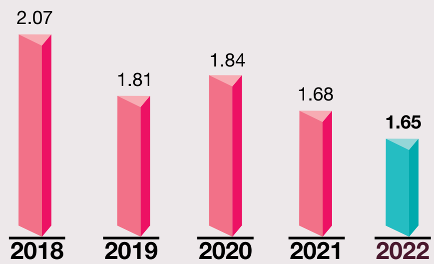
PROFIT/(LOSS) AFTER TAXATION
(RM'million)



EARNINGS/(LOSS) PER SHARE
(Sen)



NET ASSETS PER SHARE
(RM)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tee Keng Hoon
Chairman/Independent Non-Executive Director

Mohd Harris Bin Pardi
Chief Operating Officer cum Executive Director

Abd Aziz Bin Attan
Senior Independent Non-Executive Director

Agnes Maria Sam A/P John Sam
Independent Non-Executive Director

Chan Kee Eng
Independent Non-Executive Director

Sandra Mohan A/L Manthiry
Independent Non-Executive Director

Fong Heng Leong
Non-Independent Non-Executive Director

Wong Choon Shein
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Abd Aziz Bin Attan
Chairman/Senior Independent Non-Executive Director

Agnes Maria Sam A/P John Sam
Member/Independent Non-Executive Director

Chan Kee Eng
Member/Independent Non-Executive Director

REMUNERATION COMMITTEE

Chan Kee Eng
Chairperson/Independent Non-Executive Director

Abd Aziz Bin Attan
Member/Senior Independent Non-Executive Director

Agnes Maria Sam A/P John Sam
Member/Independent Non-Executive Director

NOMINATION COMMITTEE

Agnes Maria Sam A/P John Sam
Chairperson/Independent Non-Executive Director

Abd Aziz Bin Attan
Member/Senior Independent Non-Executive Director

Chan Kee Eng
Member/Independent Non-Executive Director

COMPANY SECRETARIES

Lydia Tong Yiu Shyian-Shyian
SSM PC No. 202208000755
BC/L/1922

Nor Zarifah Binti Abdullah @ Mahmud
SSM PC No. 202208000338
LS0010328

AUDITORS

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan, Malaysia
T : +603-2692 4022
F : +603-2732 5119

REGISTERED AND CORPORATE OFFICE AND PRINCIPAL PLACE OF BUSINESS

2B-5, Level 5
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T : +603-7880 7539
F : +603-7880 7536
E : corporate@ocbb.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
197101000970(11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
T : +603-2783 9299
F : +603-2783 9222
E : is.enquiry@ my.tricorglobal.com
W : www.tricorglobal.com

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
AmBank (M) Berhad
AmBank Islamic Bank Berhad
Affin Bank Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : OCB
Stock Code : 5533
Sector : Consumer Products & Services
Sub-Sector : Food & Beverages

WEBSITE

www.ocbb.com.my

CORPORATE STRUCTURE
AS AT 31 MARCH 2023

OCB BERHAD*
Registration No. 195901000114 (3465-H)]

CONSUMER FOODS

100% IBUFOOD CORPORATION SDN. BHD.

100% I Biz-Allianz International (M) Sdn. Bhd.
100% I Spices & Seasonings Specialities Sdn. Bhd.
100% I Ibufood Manufacturing (M) Sdn. Bhd.
100% I Selera Citarasa Sdn. Bhd.
100% I Ecoway (Malaysia) Sdn. Bhd.
100% I Biz-Markas Sdn. Bhd.

BEDDING PRODUCTS

100% KAISERKORP SDN. BHD.

100% I Kingkoil Corporation (M) Sdn. Bhd.
100% I Bedco Sistem (M) Sdn. Bhd.
100% I T N Metal Industries (M) Sdn. Bhd.
100% I Dreambed (Malaysia) Sdn. Bhd.
100% I Kingkoil Bedding (Malaysia) Sdn. Bhd.
100% I Kaiserkoil Incorporated (M) Sdn. Bhd.
100% I Acrowyn (M) Sdn. Bhd.
100% I First Knight (Singapore) Pte. Ltd.
100% I Ultima Beddington Sdn. Bhd.

BUILDING MATERIALS

100% AGROW MALAYSIA SDN. BHD.

100% I Agrow Corporation Sdn. Bhd.
100% I Agrow Healthtech Sdn. Bhd.
100% I AG Textronic Sdn. Bhd.
100% I Pure-Ecology (M) Sdn. Bhd.
100% I Keenwai Enterprises (M) Sdn. Bhd.
100% I Acrowyn Singapore Pte. Ltd.

PROPERTY DEVELOPMENT

80% ENIGMA SINAR SDN. BHD.

* *Listed on the Main Market of Bursa Malaysia Securities Berhad*

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of OCB Berhad ("OCB" or "the Company") ("Board") and the Management are pleased to present material non-financial information on OCB and its group of companies ("OCB Group" or "the Group") to complement the detailed information in the Directors' Report and Financial Statements sections. The Management Discussion and Analysis ("MD&A") will give shareholders and investors an operational commentary of the business of the Group.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

OCB is an investment holding company. During the financial year ended 31 December ("FYE") 2022, the Company has 4 business operations which are divided into the following divisions:

(1) Consumer Foods Division;
(2) Beddings Products Division;
(3) Building Materials Division; and
(4) Property Development Division.

Detailed information on Divisions (1) to (3) above can be found in the Group Directory on pages 13 to 16 of this Annual Report, whereas Division (4) above has yet to commence its operations in full but plans for development and procurement of regulatory approvals have been on going.

Consumer Foods Division

The Consumer Foods Division operates as subsidiaries under Ibufood Corporation Sdn. Bhd. ("Ibufood Group"). The Ibufood Group is a major producer of premium quality instant noodles, mayonnaise, seasoning-powder, seasoning-oil, sauces and food ingredients.

It is represented by several brand names. IBUMIE is the highly recognisable brand for its instant noodles which comes in several different flavours.

The TELLY brand represents the food seasoning segment offering premium quality blended seasoning-powder, seasoning-oil, sauces, mayonnaise, specialty spices, soup, soup stocks, and marinades. The TELLY mayonnaise has grown over the years to become one of the market leaders in the Food Service sector.

Bedding Products Division

The Bedding Products Division is made up of subsidiaries under Kaiserkorp Sdn. Bhd. ("Kaiserkorp Group"). It manufactures and distributes mattresses, divans and assorted bedding accessories. The various types of mattresses are made of different premium spring coils, natural latex and foam-fibres. Our bedding manufacturing system has become an industry benchmark.

The Bedding Products Division promotes its products under the brand name of KING KOIL and FIRST KNIGHT. KING KOIL is the high-profile international brand synonymous with luxurious quality mattresses. The Division also promotes its products under the local brand name of FIRST KNIGHT.

Building Materials Division

The Building Materials Division is under Agrow Malaysia Sdn. Bhd. and its subsidiary companies ("Agrow Group"). The Agrow Group is well-known in the building material supplies industry.

Its strength lies in its expertise and capability in providing complete project assistance and specifications in the supply of specialised building materials for the construction of houses, hotels, laboratories and medical institutions. Some of the brands that the Agrow Group represents are ROCA, ARMITAGE SHANKS, JOMOO, DURAVIT, HANSGROHE and JOHNSON SUISSE in the sanitary wares section. Agrow Group is also distributing health-related products such as AERUS air purifier and BREATHAIR bed sore prevention mattress.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Property Development Division

The Property Development Division is under an 80%-owned subsidiary company, Enigma Sinar Sdn Bhd ("Enigma").

Enigma is developing a property with a joint-venture partner and currently in the process of acquiring the necessary approvals and permits from all the relevant authorities. Construction will start once all the necessary approvals are obtained. Marketing plan are also underway to attract potential buyers. This includes advertising and promotional activities. The property development division is expected to contribute positively to the Group moving forward.

REVIEW OF THE FINANCIAL RESULTS AND FINANCIAL CONDITIONS

The Group's financial performance for FYE 2022 as compared to FYE 2021 is as follows:

	FYE 2022 RM'000	FYE 2021 RM'000	Increase/ (Decrease) RM'000	%
Revenue	**254,904**	238,893	16,011	6.7
Gross Profit	**44,527**	35,610	8,917	25.0
Earnings/(Loss) before interest, taxes, depreciation and amortisation	**7,924**	(3,359)	11,283	335.9
(Loss)/Profit before taxation	**(2,002)**	(13,898)	11,896	85.6
(Loss)/Profit after taxation	**(3,768)**	(14,296)	10,528	73.6
Net (Loss)/Profit attributable to equity holders	**(3,609)**	(14,105)	10,496	74.4
Total assets	**301,341**	302,595	(1,254)	(0.4)
Total borrowings and lease liabilities	**84,946**	84,138	808	1.0
Shareholders' equity	**169,409**	173,113	(3,704)	(2.1)
(Loss)/Earnings per share (Sen)	**(3.51)**	(13.71)	10.20	74.4
Net assets per share (RM)	**1.65**	1.68	(0.03)	(1.8)

The Group recorded a revenue of RM254.9 million and a loss before taxation of RM2.0 million in the FYE 2022 as compared to a revenue of RM238.9 million and a loss before taxation of RM13.9 million reported in the immediate preceding financial year. Both Bedding Products and Consumer Foods Divisions reported higher sales of 39% and 7% respectively for FYE 2022.

The higher sales performance from the Bedding Products Division was mainly resulted from reopening of the economy and the pent-up demand for its products.

Similarly, the higher sales from Consumer Foods Division were mainly due to the higher demand for its products especially noodles and mayonnaise. Sales of its noodles and mayonnaise in FYE 2022 increased to RM60.5 million (FYE 2021: RM50.9 million) and RM42.5 million (FYE 2021: RM40.8 million) respectively. The increase in noodles sales was mainly due to the newly-secured OEM business.

Building Materials Division reported a drop in sales by 30%. Sales for both retail and project segments deceased by 61% and 14% respectively. The drop in retail sales was mainly due to the discontinuation of retail sales from one of its agency brands.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)

The Group reported a lower loss before taxation in FYE 2022 mainly attributable to the inclusion of impairment loss recorded in FYE 2021. The Group had impaired intangible assets amounting to RM10.4 million from the Bedding Products Division in FYE 2021. The amount impaired was non-cash and based on impairment test to reflect the fair value of the business in line with the current highly competitive and uncertain environment as a result of the Covid-19 pandemic.

The Bedding Products Division reported a profit before taxation of RM5.5 million for FYE 2022 as opposed to a loss before taxation of RM10.7 million in FYE 2021 as a result of inclusion of the impairment of intangible assets amounting to RM10.4 million in FYE 2021. The Division had registered a 30% increase in its total retail sales to RM52.10 million in FYE 2022 from RM40.1 million in FYE 2021. Project segment also witnessed an increase of 154% to RM13.6 million from RM5.4 million in FYE 2021. However, export sales dropped 48% to RM1.4 million as compared to RM2.6 million in the preceding corresponding year.

The Consumer Foods Division posted a loss before taxation of RM2.2 million for FYE 2022 as compared to a profit before taxation of RM0.8 million in FYE 2021 due to rising raw materials cost and higher operating expenses ratio. Material costs such as wheat escalated up to 30% year-on-year basis brought about by the Russian-Ukrainian conflict.

Building Materials Division posted a higher loss before taxation of RM4.5 million in FYE 2022 as compared to a loss before taxation of RM2.0 million in FYE 2021 due to the delay in certain projects and coupled with a higher operating expenses ratio.

The Group has not adopted any dividend policy. The Board annually evaluates the Group's profitability, cash flows position and long-term plans prior to deciding on any dividend payment.

The Board did not propose any dividend in respect of FYE 2022 (FYE 2021: Nil).

The loss per share of the Company for FYE 2022 was 3.51 sen as against loss per share of 13.71 sen for FYE 2021.

Consumer Foods Division

The Consumer Foods Division registered a revenue of RM157.2 million and a loss before taxation of RM2.2 million for FYE 2022 as against a revenue of RM147.3 million and a profit before taxation of RM0.8 million in FYE 2021. The increase in revenue was mainly due to the new contract for noodles OEM business.

Noodles' sales reported a 19% increase due to a new contract for OEM business, commenced since August 2022 which brought in RM8.8 million sales. The Company is positive on the prospect of this business. The salad dressing segment also grew by RM1.7 million or 4% mainly contributed by food service packaging as more people are eating out versus cooking at home after the pandemic fear dissipated.

The sales of seasoning segment saw an increase by RM0.3 million or 29% in FYE 2022 attributable to increased repeat orders from the overseas market for the *Ready to Cook Curry Paste* range.

On the other hand, the sales of trading segment (creamer) decreased by RM1.6 million or 3% due to a lower demand from the export market. This segment had achieved RM52.2 million sales for FYE 2022 as compared to RM53.7 million in the preceding financial year.

Consequently, the Division registered a loss before taxation of RM2.2 million in FYE 2022 compared to a profit before taxation of RM0.8 million in FYE 2021. On the operation level, the Division suffered a lower margin and higher operating expenses ratio due to rising raw material costs and lesser volume of sales.

Overall, on a year-on-year basis, direct materials cost has increased by 3.0% since FYE 2021 due to global supply chain disruptions brought about by the Russian-Ukrainian conflict and the Covid-19 pandemic. Direct labor costs also increased to RM1,500 per month from RM1,200 per month previously due to the implementation of the minimum wage in May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)

Consumer Foods Division (cont'd)

Costs of doing business also increased by around 1% due to strict compliance of Covid-19 standard operating procedures ("SOP").

The Division's OEM business for noodles saw an increase of 54% to RM15.0 million in FYE 2022 from RM9.7 million in FYE 2021 mainly due to the new OEM contract commencing August 2022.

Bedding Products Division

The Bedding Products Division registered a higher revenue of RM67.1 million and a profit before taxation of RM5.5 million in FYE 2022 compared to a revenue of RM48.14 million and a loss before taxation of RM10.7 million in FYE 2021 mainly attributable to the significant improvement in sales and products margin. Whereas, the loss before taxation in FYE 2021 was due to the inclusion of impairment of intangibles assets amounting to RM10.4 million.

The domestic retail market recorded higher sales of 30% to RM52.1 million due to the reopening of the economy and the effect of the pent-up demand. As the economy reopens and as people feel more comfortable going out after the pandemic, demand for bedding products has surged as evident by the sharp rise in sales immediately after easing of the Covid-19 restrictions.

The Division has also seen an improvement in its domestic project sales to RM13.6 million in FYE 2022 from RM5.4 million in the immediate preceding financial year.

Revenue from export sales dropped to RM1.3 million in FYE 2022 as compared to RM2.6 million reported for FYE 2021 due to the Covid-19 pandemic impact on the overseas' hospitality segment.

Some of the main projects carried out by the Division in FYE 2022 included:

- Ascort Star Kuala Lumpur Convention Centre ("KLCC")
- Alila Resort, Kota Kinabalu
- Ascort Hotel, Penang
- LaCrista Hotel, Melaka
- Citadines Hotel, Cyberjaya

At the operation level, this Division enjoyed higher sales and better products margin due to improvement after the economy reopens.

Building Materials Division

This Division reported a lower revenue of RM30.6 million and a higher loss before taxation of RM4.5 million in FYE 2022 as against a revenue of RM43.5 million and a loss before taxation of RM2.0 million in FYE 2021. The decrease in revenue was mainly due to a drop in sales from both project and retail segments. The revenue for the retail segment showed a decrease of RM8.6 million or 61%, while the project segment's revenue decreased by RM4.2 million or 14%.

The post-pandemic slump had a significant impact on the building materials business. The industry suffered supply chain disruptions and lack of foreign workers.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE OPERATING ACTIVITIES

Consumer Foods Division

The Semenyih and Sibu noodle plants have a current combined capacity of 11.9 million pieces of noodles per shift per month. For the full year 2022, the Semenyih noodle plant utilised 55% of its daily shift capacity while Sibu plant ran at full capacity. As of Quarter 4, 2022, both noodle plants were running at maximum capacity.

The sales of instant noodles surged 19% compared to last year. Domestic market made up 80% of total sales in this category. Sales of IBUMIE was again strongly powered by the East Malaysian market which was up 25% year-on-year, partly driven by increase in volume and price.

The Division also started production for an OEM label brand of instant noodles which contributed 15% to the overall turnover of this product category in Year 2022. The contract for this OEM manufacturing shall run for 3 years, from May 2022 to May 2025.

The Salad Dressing plant in Semenyih continued to run full swing, operating a second shift to keep up with orders. The plant produced a total of 8,200 metric tons of salad dressings for Year 2022. Sales remained solid and climbed 4% year-on-year. This product category is strongly driven by domestic sales which made up 92% of total turnover in this category. 88% of sales comes from the Food Service pack formats which were sold mainly to Burger kiosks. Unlike Year 2021, there is a decline in the contribution from the Retail Packs year-on-year, dipping 8%. The upward trend for the Retail Pack during the Covid-19 lockdown periods has dissipated as more people are eating out versus cooking at home.

The Division has begun supplying Salad Dressing in bulk packaging to industrial users such as bread factories. Industrial users usually require customised formula for each factory but we foresee that we can leverage our Research & Development experience to grow this channel. We are also expanding our supply to more restaurant chains and outlets to grow this product category.

The Company also resumed participation in more food fairs as the global economy reopened in 2022. We participated in a total of 5 exhibitions, namely:

1. Gulfood 2022 at the Dubai World Trade Centre, UAE from 13 February 2022 to17 February 2022;
2. Food and Hotel Malaysia (“FHM”) 2022 at KLCC, Malaysia from 29 March 2022 to 1 April 2022;
3. THAIFEX-Anuga Asia 2022 at IMPACT Muang Thong Thani, Thailand from 24 May 2022 to 28 May 2022;
4. 2022 Ulaanbaatar Partnership International Trade fair at Misheel Expo Exhibition Center, Mongolia from 22 September 2022 to 25 September 2022; and
5. SIAL Paris 2022 at Parc des expositions Paris Nord Villepinte, Paris from 15 October 2022 to 19 October 2022.

Operationally, one of the major challenges for the Year 2022 was the continued elevated cost of raw materials such as soybean oil, palm olein, wheat flour and a host of other ingredients. The Division’s profit margin remained thin despite adjusting the selling price upwards for all our product range due the increase of 3% cost of materials as against in 2021. The Russian-Ukrainian war which escalated in Year 2022 brought about shortages in wheat flour supply globally, which resulted in multiple price increases for this commodity in 2022. Apart from that, in May 2022, the Government had announced and implemented the new minimum wage which increased the direct wages of operators by 25%. All these additional costs had added pressure to and crimped the Division’s margin.

Apart from inflation and increased labour costs, the other challenge faced by the Division was labour shortage especially in factory production. The process of getting approved foreign labour into the country was very slow and it affected production efficiency significantly. There was also difficulty in attracting and employing local labour for the manufacturing sector.

The Covid-19 prevention, control and management at the plants remained in place albeit at a relaxed pace. In total, 42 Covid-19 positive cases were reported in 2022.

All in all, Year 2022 has been a challenging year for the Division and we foresee that these challenges will persist for the first half of 2023 especially, in the areas of commodities inflation and supply chain uncertainties. The Division will continue to focus on automation and digitization to be cost-efficient going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE OPERATING ACTIVITIES (CONT'D)

Bedding Products Division

The Division has invested in the operations of The KING KOIL Flagship Stores ("Flagship Stores"). Currently, it has 13 Flagship Stores via a licensing agreement with dealers selling only specific models.

As at 31 December 2022, the Division had Flagship Stores in the following locations:

1. Viva Mall, Kuala Lumpur
2. Jalan Bangsar, Kuala Lumpur
3. Sunway Pyramid, Kuala Lumpur
4. Old Klang Road, Kuala Lumpur
5. Ikano Power Centre, Kuala Lumpur
6. Sungai Besi, Kuala Lumpur
7. Gurney Plaza, Penang
8. Vivacity, Kuching, Sarawak
9. Imago, Kota Kinabalu, Sabah
10. Paradigm Mall, Johor Bahru
11. Mid Valley South Bay, Johor Bahru
12. Toppen Shopping Centre, Johor Bahru
13. Pavilion Bukit Jalil, Kuala Lumpur

As at 31 December 2022, the Division has only 1 KING KOIL Concept Store ("Concept Store") located at Central i-City Mall, Shah Alam, Selangor. The main aim of the Concept Store is to further promote brand equity and enhance customers' experience of KING KOIL products.

During the year under review, as Covid-19 pandemic related restrictions continue to ease and more people feel comfortable returning to their normal routines, the Division has seen improvement in sales for both its retail and project segments. The Division has intensified its efforts to put eye-catching brand graphics on trucks or lorries to advertise its brand in a way to expose its brand to a larger audience when these trucks or lorries drive around town. The Division also invested into digital billboards to build brand awareness and boost sales to its business. With the right messaging, visuals and market targeting, the Division believes it can grab the attention of its target market and drive sales.

The multiple lockdowns that occurred during the Covid-19 pandemic periods had seen the unprecedented growth of digital and e-commerce. Digital and e-commerce has become increasingly popular and it is now an important part of the Division's strategy. The Division will continue to speed up a digital transition to further tap into this business segment.

In 2022, the Division continued to be actively involved in its e-commerce activities by participating in various campaigns on both Lazada and Shopee platforms during special festivities such as:

1. Payday Sale
2. Chinese New Year Sale
3. Ramadan Sale
4. Mother's Day Sale
5. Merdeka Sale
6. 9.9, 10.10, 11.11, 12.12 and MEGA Campaign

Going forward, the Division will continue to leverage on digital marketing such as digital billboard, online sales, Google Ads and others to enhance brand awareness among Malaysians. In addition to that, the Division will continue the use of traditional marketing strategies such as the print media to reach our audience offline to create awareness among the older generation consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE OPERATING ACTIVITIES (CONT'D)

Bedding Products Division (cont'd)

The Division will continue with its advertising and promotional budget for media spending to create consumer pull and brand building activities. The Division will allocate an additional budget into digital and social media marketing such as in Facebook, Instagram, Google display network, YouTube Ads, Key Opinion Leaders and other similar applications will continue to play an important role in its marketing activities. Higher weightage of marketing expenditure will be on digital marketing as it has rapidly grown in importance due to its interactivity, cost effectiveness and ability to reach targeted audiences.

The Division will further develop new sales channel via specialty shops catering mainly to tourists market, online sales and pay TV channel. The Division has registered significant growth from online and pay TV channels sales. The Division will also further enhance its online sales by adding new merchandise selection for the customers.

The Division will strengthen its business foundations based on strategic marketing plans targeting specific market segments (premium market, middle market, and Malay consumer market).

As for the export market, the Division will continue to develop its export business potential. It is also strengthening the latex export business to China. There are plans to further develop the Division's retail and export business in new markets like Thailand, Vietnam, Myanmar and Cambodia, via the establishment of Mattress Concept Stores. We have successfully made inroads into a number of these markets.

The Division will continue to improve its customer relationship management system, in order to enhance its relationship with customers and improve its customers' service experience.

The Division has also planned to continue to enhance the design of its popular models to cater to current consumer trends. These launches will help improve sales and push our products into the market.

During the financial year under review, the Division has actively mitigated the rising costs of materials by negotiating with suppliers, exploring alternative materials, implementing cost saving measures and others to protect the Division's profitability.

Building Materials Division

The industry remains challenging after the Covid-19 pandemic. The Division would have performed better if it was not for the deferment of delivery of goods by various key projects due to change of main contractors and delays in work progress at the construction sites.

Some of the key projects that the Division secured in 2022 included:

1. Hospital Petrajaya, Sarawak
2. IJM Rimbayu Phase 13, Selangor
3. UEM Semenyih, Selangor
4. IJM Pantai Sentral, Kuala Lumpur
5. Sime Darby Putra Height, Selangor

Other than that, some of the projects that are still in the pipeline in 2022 included:

1. Paramount 11 Projects at Klang Valley & North Malaysia
2. Kuala Lumpur Golf & Country Club Sime Darby High-rise Condominium, Kuala Lumpur
3. Paramount Ampang Hilir, Kuala Lumpur
4. Grand Global High-rise Condominium, Selangor
5. Kota Bahru Airport, Kelantan
6. IBN Highland Tower, Pahang

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE OPERATING ACTIVITIES (CONT'D)

Building Materials Division (cont'd)

Year 2022 has been a challenging year for the Division due to less purchase orders secured during Covid-19 pandemic in Years 2020 and 2021. Development of high-end housing and/or condominium is still lacking due to the increase in construction and labour cost, cost of living and inflation. Most of the new developments are now towards medium to low range market where it is more acceptable and affordable by the consumers.

Other than getting certifications from IKRAM/Construction Industry Development Board Malaysia ("CIDB"), National Water Services Commission ("SPAN") has also initiated Water Efficient Product Labelling Scheme ("WELPS") and set new guideline to register and label water efficient products. The purpose is to raise awareness in the public on the availability of water efficient products and to encourage healthy water consuming habit among consumers. Hence, an additional certification cost will be incurred for our imported AKRON wares and faucets that subsequently will affect our pricing.

During the year under review, the Division has participated in exhibitions such as MARVEX (Air-Conditioning, Refrigeration and Ventilation Expo and launched of AERUS ActivePure products, Home Design & Interior ("HOMEDEC") and International Architecture, Interior Design and Building ("ARCHIDEX") for launching of IDEAL STANDARD and ARMITAGE SHANKS products.

The Division has registered a significant drop in dealer business as a result of the termination of JOHNSON SUISSE distributionship by Roca Malaysia early in the year 2022. Going forward, the Division will focus in promoting our AKRON products to our key dealers across Malaysia.

The Division has decided to explore the Singapore market in the distribution of sanitary wares, brassware fittings and bathroom accessories for project and retail markets. The Division has obtained the certification from Singapore Test Lab for 2 AKRON wares submitted and successfully registered under PUB Singapore's National Water Agency.

Costs of raw materials, shipping and logistic remain high and they show no signs of decreasing. This will have a negative impact on the Division's profitability. Trading profit in general will remain thin.

Sales contribution is expected to come from the project and hospital segments, sales generated from new product lines and through expansion of present market coverage. The Division will continue to embark on building its house brand, AKRON via advertisement in various media platform, both online and offline.

LIQUIDITY AND CAPITAL MANAGEMENT

The Group maintains a healthy level of cash and cash equivalents and banking facilities from financial institutions to fund the Group's short-term and long-term operation requirements. As at 31 December 2022, the Group's cash and cash equivalents amounted to RM48.9 million (31 December 2021: RM49.4 million), a decrease of RM0.5 million, mainly attributable to net cash decreased in investing and financing activities, whereas the Group's total bank borrowings and lease liabilities were RM85.0 million compared to RM84.1 million as at 31 December 2021.

The Group's gearing ratio was 0.2 times as at 31 December 2022 as compared to 0.19 times as at 31 December 2021.

CAPITAL EXPENDITURE REQUIREMENTS, CAPITAL STRUCTURE AND CAPITAL RESOURCES

The Group strives to maintain a prudent financial structure to ensure that it has access to adequate capital and financing on terms which are favourable to the Group.

The Group's capital commitments contracted but not provided for as at 31 December 2022 was RM0.6 million (31 December 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK 2023

Malaysia's economic growth is projected to expand by 4.0 percent in Year 2023. Emerging signs of slowdown like manufacturing Purchasing Managers' Index ("PMI") and external trade volumes plus the on-going global economic downturn are pointing to a slower real gross domestic product growth. Global economy is expected to experience a mild recession amid stagnation in major advanced economies. The United States-China geopolitical rivalry, and Russia-Ukraine war are compounding the uncertainty and clouding the outlook. As an opened economy, Malaysia is highly intertwined with the global ecosystem, hence a gloomy global scenario will hamper the economic growth of our country as well.

The economic downturn will obviously have an impact to the Group. But the lessons from the several Covid-19 lockdowns have prepared the Divisions well. We have managed our operations well in terms of our productivity, optimising our material costs, and our labour shortages. All the Divisions have embraced the digital space and fully utilise the e-commerce potential.

The Group will now focus on strategic planning on how the Divisions propose to generate meaningful growth. The Bursa-initiated MD&A process is something that needs to be emphasised by the Division's operational structure. The Group plans to improve its budget and planning process to put the business operations on a sustainable growth path.

The Group plans to implement bold measures that can take the Company to the next level of growth. It will identify the right people who know the right tools and skills for our business. We will analyse where we are, where our potential lies and how we go forward from here. In order to do this, the Group need to look at its leadership structure that know what ails the business operations and come up with a workable and sustainable solutions.

GROUP DIRECTORY

CONSUMER FOODS DIVISION

The Consumer Foods Division under Ibufood Corporation Sdn. Bhd. and its subsidiary companies ("Ibufood Group") is the manufacturer of premium quality instant noodles under the brands IBUMIE and Baa..gus; and mayonnaise, salad dressings, seasoning-powder, seasoning-oil, and sauces under the brand TELLY.

IBUMIE's Mi Goreng range is a leader in the dry-based instant noodle category. The range comes in 5 delicious flavours – *Asli (Original), Thai Tom Yam, Kari Kapitan (Curry), Sambal Udang (Spicy Shrimp)* and *Har-Mee (Shrimp)*.

IBUMIE's soup-based range is spearheaded by the all-time favourite flavours - *Penang Har-Mee Soup (Shrimp Soup)* and *Penang White Curry*. Made with authentic shrimp powder, IBUMIE *Penang Har-Mee Soup* brings out the real sweetness of seafood in its broth. IBUMIE *Penang White Curry* which originates from the Peranakans, is reminiscent of Penang's famous street curry noodles. The curry paste is made from fresh spices such as galangal, kaffir lime, lemon grass, ginger, kesum leaves and nutmeg. *Ala Miso Mee (Miso)* and *Ladamee (Black Pepper)* completes the IBUMIE soup range.

IBUMIE launched the Bowl Noodles series in 3 soup flavours, namely *Penang Har-Mee Soup (Shrimp Soup)*, *Penang White Curry* and *ala Miso Mee* in late 2021.

The sub-brand Baa..gus instant noodles caters to the more economically conscious consumers who want great tasting instant noodles at affordable prices. The 5 flavours in this range, are *Goreng Asli (Original)*, *Goreng Lebih Pedas (Extra Spicy)*, *Ayam Bawang (Onion Chicken)*, *Soto Ayam (Chicken Soto)* and *Kari (Curry)*.

Ibufood Group's TELLY brand is a strong player in the food condiments and seasonings segment offering premium quality blended seasoning-powder, seasoning-oil, sauces, mayonnaise, salad dressings, spices, soup, stocks and marinades. TELLY's range of salad dressings particularly, the 3 Litre *MayoBoy* has grown over the years to become a market leader in the Food Service sector, supplying burger kiosks nationwide. The retail range of salad dressings such as the *All Purpose Mayo*, *Vegetarian Mayo*, *Lite Mayo* and *Thousand Island* in 230ml and 470ml glass jars has also shown strong and consistent growth in the trade. TELLY's *Roasted Sesame Mayo* range in 1 Litre PET bottle, 280ml squeeze bottle and 50ml sachet also received encouraging market feedback since its launch. Ibufood Group expects the salad dressings category to continue its upwards growth trajectory going forward.

Ibufood Group also offers private label flavour development and manufacturing services for instant noodles, salad dressings and seasonings.

HEAD OFFICE AND MANUFACTURING
Selangor

Lot 1956, Jalan Bangi Lama Batu ½
43500 Semenyih
Selangor Darul Ehsan
Malaysia
T : +603-8723 9588
F : +603-8723 7589
E : sss@telly.com.my
W : www.telly.com.my
www.ibumie.my

MANUFACTURING
Sarawak

No. 3, Lorong 31A
Jalan Ding Lik Kong
96000 Sibu
Sarawak
Malaysia
T : +6084-310 755
F : +6084-323 755

GROUP DIRECTORY

BEDDING PRODUCTS DIVISION

KING KOIL chiropractic mattress makes more ways to say Goodnight !

The Bedding Products Division is a wholly-owned subsidiary of Kaiserkorp Sdn. Bhd. ("Kaiserkorp Group") and is a specialist in the manufacturing and distribution of premium brand innerspring coils, natural latex and foam-fibre mattress systems, divan-foundations and bedding accessories. Today, Kaiserkorp Group is the industry benchmark of a one-stop bedding solutions provider to consumers.

Kaiserkorp Group strives to achieve best-in-class quality and comfort through continuous improvement of sleep technology supported by KING KOIL's main state-of-the-art Research and Development ("R&D") centre in Arizona, the United States of America ("USA"). KING KOIL's R&D centre provides design, creation, testing as well as market research on new product roll-outs. With the help of KING KOIL's R&D centre, we are committed to designing, sourcing and manufacturing the best quality sleep products.

Kaiserkorp Group's success is contributed by our close relationship with our retail partners to provide the best-in-class sleep solutions to our customers. We adopt business processes which are oriented towards adding long-term value and competitiveness to our retail partners for them to provide continuous care and support to our customers' needs.

In Malaysia, Kaiserkorp Group is the exclusive licensee of the prestigious KING KOIL brand. KING KOIL is a world leading brand and provider of high quality mattresses spanning 90 countries and 6 continents. KING KOIL is committed to providing the world with comfortable, healthy and good quality sleep. KING KOIL can be found in bedrooms of families as well as world-class hotels and medical institutions throughout the world.

KING KOIL has developed innovative products and provided strong service relationship to our customers. Our products are priced to meet the specifications and affordability parameters of customers. Through this understanding we have adopted a multi-brand strategy under KING KOIL to cater for different market segments. With this strategy, we have successfully developed WORLD LUXURY KINGKOIL, NATURAL RESPONSE, LUXURY HOTEL COLLECTION, EXTENDED LIFE, CERIA and PRINCE COLLECTION series suitable for different market segment. In 2019, KING KOIL launched Malaysia 1st Flex Linen Mattress series – SIMPLICITY.

Aside from KING KOIL, Kaiserkorp Group also developed affordable brands like FIRST KNIGHT and WONDERCOIL thus providing additional affordable quality product range. Kaiserkorp is also into OEM manufacturing for third-party brands and retailers in Asia and North America.

Kaiserkorp Group continues to invest in brand building activities via innovative marketing strategies and creative advertising campaigns to further lift the brand's image and build brand equity for KING KOIL in Malaysia. KING KOIL had started its digital journey to promote and engage consumers via Facebook, Instagram, YouTube, etc.

To-date, there are 13 KING KOIL Flagship Stores located in major towns in Malaysia. In continuing the brand building exercise, KING KOIL started its very own retail store – KING KOIL Concept Store located at Central i-City at Shah Alam, Selangor in 2020. The purpose of KING KOIL Concept Store is to continue to promote KING KOIL brand and healthy sleep, and perform market research to understand consumer needs with the International Chiropractors Association ("ICA"), USA.

KING KOIL is the only mattress brand endorsed by the Doctors of the ICA and the Foundation of Chiropractic Education of Research ("FCER") of USA.

Another important business sector for Kaiserkorp Group is in hospitality where KING KOIL has been supplying to more than 60% of the 5-Star hotels in Malaysia for more than 3 decades, because KING KOIL brand is a popular and trusted brand among top hoteliers and hotel operators in Malaysia.

GROUP DIRECTORY

BEDDING PRODUCTS DIVISION (CONT'D)

Kaiserkorp Group also produces bedding related products and OEM brands for pillows of latex, down-feather, micro-fibre and polyester fibrefill plus fine bedlinens and cotton towels.

KING KOIL has partnered with PROTECT-A-BED to provide our customers with the best mattress protection against bed-bugs, allergens, stains and spills, perspiration and body fluids. PROTECT-A-BED is the world's best-selling mattress protector, selling in 30 countries and across 6 continents. It is the No.1 recognised brand in USA for mattress protection.

HEAD OFFICE
Wisma King Koil
Selangor

2C-5, Level 5
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T : +603-7805 4766
F : +603-7805 4755
E : bed@kingkoil.com.my
W : www.kingkoil.com.my

CORPORATE SHOWROOM
Selangor

2B-2, Level 2
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T : +603-7805 4766

MANUFACTURING, SALES & SERVICE
Selangor

Lot 2137, Jalan Enggang
Kampung Baru 9
Kebun Baru
42500 Teluk Panglima Garang
Kuala Langat
Selangor Darul Ehsan
Malaysia
T : +603-3122 1866/1867
+603-3122 1868/1869
F : +603-3122 1870

SALES & SERVICE
Kelantan, Terengganu and Pahang

PT 133, Taman Sri Kebakat
Wakaf Bahru
16250 Kota Bahru
Kelantan Darul Naim
Malaysia
M : +6019-331 3408

SALES & SERVICE
Penang

49P & 49Q
Lorong Sempadan Dua
11400 Pulau Pinang
Malaysia
T : +604-826 6601/6906
F : +604-826 6959

SALES & SERVICE
Perak

6, Jalan Desa Cahaya 1
Taman Desa Cahaya
31400 Ipoh
Perak Darul Ridzuan
Malaysia
M : +6019-331 6581

SALES & SERVICE
Seremban

168, Jalan Baiduri 3
Taman Baiduri
Off Jalan Tan Sri Manickavasagam
70200 Seremban
Negeri Sembilan Darul Khusus
Malaysia
T & F : +606-762 0412

SALES & SERVICE
Johor

12, Jalan Sri Plentong 2
Taman Perindustrian Sri Plentong
81750 Masai
Johor Darul Takzim
Malaysia
T : +607-386 8681
F : +607-386 8682

GROUP DIRECTORY

BUILDING MATERIALS DIVISION

Our Building Materials Division under Agrow Malaysia Sdn. Bhd. and its subsidiary companies ("Agrow Group") is known in the building material supplies industry for delivering quality building products on time and within budget. Its strength lies in its expertise and capability in providing complete project assistance and specifications in the supply of specialist building materials for any upcoming construction of residential houses, hotels, laboratories and medical institutions procurement.

Agrow Group is also known for its ability to provide complete solution that meets various requirements of bathrooms design for use at medical facilities, airports, shopping malls, hotels and any other buildings. This is made possible via our representation of a wide range of world-renowned brands in sanitary wares and bathroom fittings which is a leader in their own field. Among them are IDEAL STANDARD, ARMITAGE SHANKS, REGINOX, DURAVIT, ROCA, JOHNSON SUISSE, HANSGROHE, GEBERIT, SLOAN, PRESTO, BOBRICK and several others.

Our in-house brand AKRON which was launched in late 1990s provides us with greater flexibility in meeting customers' requirements with a wide range of Sanitary Wares and Fittings for all segments of the building industry.

Agrow has also recently established a new Architectural Products Division which distributes Ironmongery and Builders Hardware brands like SAMSUNG, LOKRITE, HUSKEY, SHIMABUN Japan floor gratings, PARKLEX natural timber cladding and PHOMI Econic Clay Wall and Floor Claddings.

Projects which Agrow Group has undertaken spread over different segments such as hotel, residential, healthcare, offices, shopping mall, etc, with customers comprising leading developers, architects, government agencies and semi-government agencies.

Agrow Group has a healthcare division with focus on bathroom-related products for the special needs and aging populations. Agrow Group is among the first major distributors of bathroom products in Malaysia to take such an initiative to stay ahead of the curve in the fast growing market for the aging population.

In 2021, Agrow Group is also the Authorized Distributor of AERUS ACTIVEPURE air purification technology from USA.

Agrow Group has a unique scheme which is first of its kind in the building industry called THE AGROW ASSURANCE. This is an integrated site support and after-sales service scheme that targets property developers, main contractors and home buyers. Agrow Group also rewards home buyers who purchased products supplied by Agrow Group, with additional discounts for new purchase and free gifts which is redeemable at any of Agrow Group's authorised showrooms nationwide. The AGROW ASSURANCE has been very well accepted by the Property Developers and Main Contractors in the Building Industry.

Agrow Group operates from its Head Office in Petaling Jaya, Selangor Darul Ehsan with showroom in the same premises featuring products the Group represents.

HEAD OFFICE
Wisma King Koil
Selangor

2C-4, Level 4
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T : +603-7805 4748
F : +603-7805 4723
W : www.agrow.com.my

SHOWROOM
Wisma King Koil
Selangor

2B-1, Ground Floor
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T : +603-7805 4748
F : +603-7805 4723

SALES & SERVICE
Johor

10-G & 10-01
Jalan Austin Perdana 2/22
Taman Austin Perdana
81100 Johor Bahru
Johor Darul Takzim
Malaysia
T : +607-353 2267/2261
F : +607-353 2254

SALES & SERVICE
Penang

No. 8, Jalan Yeap Chor Ee
11700, Georgetown
Pulau Pinang
Malaysia
T : +604-656 9461

PROFILE OF DIRECTORS

TEE KENG HOON

Independent Non-Executive Chairman

Malaysian, Male, Aged 72

Tee Keng Hoon was appointed as an Independent Non-Executive Director of OCB on 1 December 2021 and was elected as Chairman of the Board of Directors on 1 January 2022.

He holds a Bachelor of Law (Honours) degree from the University of Singapore. He is the founder member and senior partner of Messrs Tay, Tee & Nasir and has been in practice for about 48 years.

MOHD HARRIS BIN PARDI

Chief Operating Officer cum Executive Director

Malaysian, Male, Aged 70

Mohd Harris Bin Pardi was appointed to the Board of OCB on 2 January 2007 and assumed the position of Chief Operating Officer cum Executive Director on 17 April 2008. He is primarily responsible for the development and implementation of the OCB group of companies' ("OCB Group" or "the Group") operational strategies and policies. He also oversees the management, operations and marketing activities of the Group.

A graduate from Universiti Malaya, Malaysia with a Degree in Economics, he has extensive experience in the food & beverage ("F&B") and hospitality industry. His experience includes restaurant design and construction, operations and management, product development and manufacturing, human resource training and development. He was a member of the pioneer management team of McDonald's Malaysia, holding the position of Head of Corporate and Business Development at Golden Arches Restaurants Sdn. Bhd. from 1989 to 1994. In 1996, he left McDonald's Malaysia to start the Burger King Restaurant franchise in Malaysia as its first Managing Director.

ABD AZIZ BIN ATTAN

Senior Independent Non-Executive Director

Malaysian, Male, Aged 70

Abd Aziz Bin Attan was appointed as an Independent Non-Executive Director of OCB on 1 December 2015. He was re-designated to Senior Independent Non-Executive Director of OCB on 1 January 2022. He is also the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee of OCB.

He qualified as a Chartered Accountant in 1998. He is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered and Certified Accountants, United Kingdom ("UK"). He is also a member of the Malaysian Institute of Taxation.

He has extensive experience in taxation, finance and accounting, having held senior finance positions in several companies. His last position was Group Financial Controller of Lotan Group of Companies. He also owns a management firm providing professional services in accounting, taxation and secretarial.

PROFILE OF DIRECTORS

AGNES MARIA SAM A/P JOHN SAM

Independent Non-Executive Director

Malaysian, Female, Aged 69

Agnes Maria Sam A/P John Sam was appointed as an Independent Non-Executive Director of OCB on 1 September 2020. She is also the Chairperson of the Nomination Committee and a member of the Audit and Risk Management Committee and the Remuneration Committee of OCB.

She holds a Master of Arts in Economic Policy from Boston University, Massachusetts, United States of America ("USA") and a Degree in Economic & Administration from Universiti Malaya, Malaysia.

She was an Administrative and Diplomatic Service (PTD) Officer with the Government of Malaysia from 1981 to 2017. During the course of her public service career, she served with the Public Service Department, Economic Planning Unit and Ministry of Finance. Her last position was as Head of Policy Initiatives while on secondment with Talent Corporation Malaysia Berhad.

CHAN KEE ENG

Independent Non-Executive Director

Malaysian, Female, Aged 65

Chan Kee Eng was appointed as an Independent Non-Executive Director of OCB on 1 December 2021. She is also the Chairperson of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nomination Committee of OCB.

She holds a Bachelor of Business (Business Administration) from Royal Melbourne Institute of Technology, Australia and a Diploma in Management from Malaysian Institute of Management. She was working in the banking and finance industry for more than 30 years.

In 1984, she joined MUI Finance, a member of Malayan United Industries Berhad, as Confidential Secretary to the Assistant General Manager. After several years, she was transferred to the Loans Department, as Loan Officer in the Credit Supervision Unit.

In 1994, MUI Finance was acquired by Advance Synergy Berhad and renamed as United Merchant Finance Berhad ("UMF"). Under UMF, Chan Kee Eng was appointed as Branch Manager for one of its branches in 1998. She was later transferred to Head Office to head the Credit Supervision Unit to handle corporate loans recovery.

In 2000, UMF was acquired by Southern Bank Berhad together with another 2 smaller finance companies, i.e. Perdana Finance and Cempaka Finance, and renamed as Southern Finance Berhad, which was later acquired by CIMB Bank Berhad. In CIMB Bank Berhad, she was posted to various departments, viz., Credit Recovery, Legal Recovery, Loan Documentation and Administration. Her last position was Assistant Vice President, Credit Collection Agency Management and Legal, which involved liaising with solicitors on progress of litigation cases for vehicle and property loans, until her retirement in November 2017.

Chan Eng Kee is an Independent Non-Executive Director of Toyo Ventures Holdings Berhad which is listed on the Main Market of Bursa Securities. She is also a member of its Audit & Risk Management Committee, Remuneration Committee and Nomination Committee.

PROFILE OF DIRECTORS

SANDRA MOHAN A/L MANTHIRY

Independent Non-Executive Director

Malaysian, Male, Aged 68

Sandra Mohan A/L Manthiry was appointed as an Independent Non-Executive Director of OCB on 1 December 2022.

He holds a Masters in Hospital & Health Administration from University of Iowa, USA, a Degree in Mathematics & Computer Science from University of Science Malaysia, Malaysia, a Post-Graduate Diploma in Management Science from the National Institute of Public Administration (INTAN), Malaysia and a Certificate in Human Resource Management from University of Pittsburgh, USA.

From 1979 to 2000, he served as an Administrative and Diplomatic Officer for the Government of Malaysia in various positions at the Ministry of Home Affairs, the Ministry of Education and the Ministry of Health.

In 2000, he pioneered the students' healthcare program for Institutions of Higher Learning in Malaysia with Insurers. He was involved in several healthcare consultancies for the Ministry of Health Malaysia, namely in the design and implementation of a specialized pilot project on telemedicine, Hospital Information System and in the implementation of Malaysian Case-Mix System for public hospitals.

Beginning 2011, he was actively involved with the Malaysia Healthcare Travel Council to promote Malaysian Healthcare to regional countries, in particular Bangladesh.

He founded and established the quarterly magazine InfoMed for healthcare professionals and the public. The magazine provides new information on the latest, emerging technologies and practices in the field of medicine, and updates on pertinent government policies and programs.

In 2017, he founded Click2Health Sdn Bhd ("Click2Health"), a company that provides home healthcare, residential care homes for senior citizens, and a population health hub that promotes new concept of healthcare services that prioritizes wellness and preventive care on a seamless platform. In 2020, Click2Health established Heritage Senior Care Centre, a nursing home for senior citizens requiring post-hospitalization services, palliative care, step-down care, and professional nursing long-term 24 hours care.

Since 2021, through InfoMed (Malaysia) Sdn Bhd, he organizes the Selangor International Healthcare Conference with Invest Selangor. This annual conference engages experts, policymakers, scientists, and pathfinders of the industry to seek better future for healthcare services and delivery.

PROFILE OF DIRECTORS

FONG HENG LEONG

Non-Independent Non-Executive Director

Malaysian, Male, Aged 69

Fong Heng Leong was appointed to the Board of OCB as Executive Director on 19 April 2000 and was re-designated to Non-Independent Non-Executive Director on 1 January 2020.

He holds a Master of Business Administration from Heriot-Watt University, Edinburgh, UK and was a Chartered member of The Institute of Internal Auditors Malaysia.

He has extensive finance and accounting experience, particularly in the manufacturing and trading industries. He was the Head of the Finance Division of Kaiserkorp Sdn. Bhd., a wholly-owned subsidiary of OCB, a position he held until his appointment to the Board of OCB.

WONG CHOON SHEIN

Non-Independent Non-Executive Director

Malaysian, Male, Aged 72

Wong Choon Shein was appointed to the Board of OCB as Non-Independent Non-Executive Director on 28 November 2017.

He has over 44 years of experience and knowledge in international trade and wide networking with major global players in the building and construction industry. He was the founder and Managing Director of Buildtrend Group, a major building materials and architectural products distributor of global brands (like ROCA, TOTO, Villeroy and Boch) and contractor. In July 1994, after divesting Buildtrend Group to Hong Leong Malaysia, he assumed the position of Group Managing Director, Building Materials Division of Hong Leong Industries Berhad until 1996. Home Expo, the first one-stop home renovation and decoration centre in Malaysia, was launched by him in 1999.

He has several business ventures in the building and construction industry in Malaysia, Singapore and Australia. He is also the ASEAN Business Development Director for BSC Group Hong Kong, a building materials and interior contracting group with business activities in Hong Kong, China and Macau.

He is an Independent Non-Executive Director of Alcom Group Berhad which is listed on the Main Market of Bursa Securities. He is also the Chairman of its Nomination Committee and a member of Remuneration Committee.

Additional Information:

1. *None of the Directors have any family relationship with any Director and/or major shareholder of the Company.*
2. *None of the Directors have any conflict of interest with the Company.*
3. *Save for Chan Kee Eng and Wong Choon Shein, none of the Directors have other directorship in public companies and listed issuers.*
4. *None of the Directors have been convicted of any offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2022 ("FYE 2022").*

PROFILE OF KEY SENIOR MANAGEMENT

YEOH JIN BENG

Director
Consumer Foods Division

Malaysian, Male, Aged 71

Yeoh Jin Beng was appointed as Director of Ibufood Corporation Sdn. Bhd. ("Ibufood") on 12 July 2002. He oversees the Consumer Foods division which is under Ibufood.

His expertise is in the manufacture and trading of fast moving consumer goods. He is 1 of the co-founders of Kaiserkorp Group which manufactures and distributes KINGKOIL and other branded mattresses in Malaysia. Prior to that, he was working for an international pharmaceutical company which deals in pharmaceutical and other specialty medical products.

He is a Non-Independent Non-Executive Director of Can-One Berhad, a company which is listed on the Main Market of Bursa Malaysia Securities Berhad.

YUSRI HANDAYA JOE

Director of Operations
Consumer Foods Division

Indonesian, Male, Aged 68

Yusri Handaya Joe graduated from University Nommensen of North Sumatera, Indonesia in 1977 with an Accounting Degree.

He has vast experience in managing manufacturing businesses. He served as President Director of PT Candi Kekal Jaya, a wooden sheet and chopsticks manufacturer in Indonesia for 6 years from 1983 to 1988. He then worked 2 years as Director at PT Jangkar Jati, a canned food and tea bag manufacturer in Jakarta. He joined PT Forinco Ancol, a plastic monofilament manufacturer as President Director from 1989 to 1994. From 1995 to 1998, he was the President Director at PT Jakarna Tama, a food and instant noodles manufacturer.

He started working in Malaysia in 1999, where he served as Managing Director of Spices & Seasonings Specialities Sdn. Bhd. ("Spices") for a period of 13 years. He was the Managing Director of Navilim Food Manufacturing Sdn. Bhd. from 2011 to 2014. He re-joined Spices as the Director of Operations in October 2015.

WENDY NG WAN LOO

General Manager
Consumer Foods Division

Malaysian, Female, Aged 48

Wendy Ng Wan Loo holds a Bachelor Degree in Business Administration, majoring in Finance from Universiti Utara Malaysia, Kedah, Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants and a member of the Federation of Investment Managers Malaysia.

She has 25 years of experience in accounting and finance. She started her career in 1997 as an Accounts Executive with Matsushita Electric Co., (Malaysia) Berhad, a Japanese Multinational Manufacturer of National and Panasonic brand electrical products. In 2003, she joined TS-Lear Automotive (Malaysia) Sdn. Bhd., a joint-venture between 2 automotive giants, Thai Summit and Lear Corporation, as Senior Accounts Executive. She was promoted to the position of General Manager in 2010. She then joined Lingham & Sons (Malaysia) Sdn. Bhd. as Director's Assistant in late 2011. She joined Spices as General Manager in August 2012.

PROFILE OF KEY SENIOR MANAGEMENT

SAK SWEE SANG

Director
Bedding Products Division

Malaysian, Male, Aged 53

Sak Swee Sang was appointed as Director in the Bedding Products Division on 21 November 2019. He is responsible for the accounting, operations and management of the Group.

He holds a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Kuala Lumpur, Malaysia. He is an associate member of The Chartered Institute of Management Accountants, UK and The Malaysian Institute of Taxation. He is also a Chartered member of The Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia.

He has 29 years experience in accounting, audit and finance. He was with Messrs Sim & Co., a chartered accounting firm for 6 years before he joined Bedco Sistem (M) Sdn. Bhd., a wholly-owned subsidiary of OCB, as Finance and Administration Manager in 2000 and promoted to Head of Internal Audit of OCB from 2002 to 2005. He was an Executive Director OCB from December 2005 to August 2018.

TAN ENG HOE

Chief Operating Officer
Bedding Products Division

Malaysian, Male, Aged 70

Tan Eng Hoe was appointed as the Chief Operating Officer on 1 December 1997 to head Kaiserkorp Group which is principally involved in the manufacture and distribution of bedding products and sleep accessories products.

He has over 50 years of manufacturing, operation and marketing experience in the fibre felt, car seat cushion and mattresses industries. Early in his career, he was involved in the manufacture of rubberised natural fibre felt industry. In 1978, he went on to join a company manufacturing car seat cushions, holding various senior management positions therein until he joined Kaiserkorp Group in 1997.

HEW CHEE KONG

Senior General Manager
Building Materials Division

Malaysian, Male, Aged 49

Hew Chee Kong holds a Diploma in Business from Systematic College (now known as SEGi University and Colleges), Kuala Lumpur, Malaysia. He was appointed as Senior General Manager on 1 October 2022 to head Agrow Group which is principally involved in the supplies and distribution of international and local brand of sanitary wares, bathroom fittings and accessories, ironmongery, doors and many other quality building products. Prior to this, he was a General Manager of Agrow Group for sanitary wares segment from 23 October 2017 to 30 September 2022.

He has 24 years experience in sales and marketing as well as product and business development in building materials distribution industry.

PROFILE OF KEY SENIOR MANAGEMENT

LOH SEE YING

Accountant
Building Materials Division

Malaysian, Female, Aged 44

Loh See Ying holds a Bachelor Degree in Accounting, majoring in audit from Universiti Utara Malaysia, Kedah, Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants.

She has 19 years experience in auditing and accounting. Prior to joining Agrow Corporation, she was working as an auditor with Messrs SJ Grant Thornton, a member firm of Grant Thornton International Ltd for 5 years. She joined Agrow Corporation as an Accountant on 1 June 2008. She is responsible for the administrative and accounting management of Agrow Corporation.

Additional Information:

1. *None of the Key Senior Management personnel has any family relationship with any Director and/or major shareholder of OCB.*
2. *None of the Key Senior Management personnel has any conflict of interest with OCB.*
3. *Save for Yeoh Jin Beng, none of the Key Senior Management personnel holds directorship in public companies and listed issuers.*
4. *None of the Key Senior Management personnel has been convicted of any offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2022.*

SUSTAINABILITY REPORT

The Board of Directors of OCB Berhad ("OCB") ("Board") is pleased to present the Sustainability Report of OCB and its subsidiaries ("the Group" or "OCB Group") for the financial year ended 31 December ("FYE") 2022.

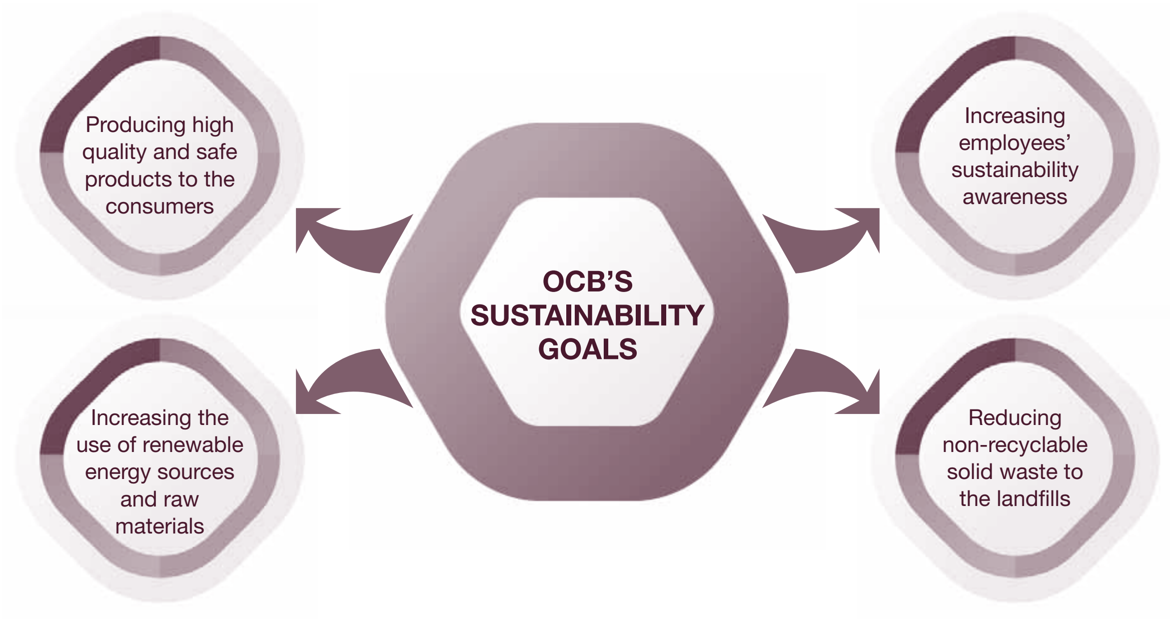
This Report has been prepared based on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). Sustainability in this context is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Board recognises the fact that the Group's operations must be conducted in a sustainable manner in the process of achieving its short-term and long-term objectives. In this regard, the Board and the Chief Operating Officer ("COO") cum Executive Director ("ED") are responsible for setting the Group's sustainability strategies. In fact, sustainability is embedded in the Group's operations, and in this report, the Board has set out the Group's practices with respect to economic, environmental and social sustainability matters.

OCB Group's Sustainability Framework has been duly approved by the Board.

A. OCB'S SUSTAINABILITY GOALS

At OCB, we continue to strive for economic success while also playing our part as a responsible corporate citizen. The business strategies and decisions we take are in line with our long-term sustainability goals of reducing our environmental footprint while maintaining high level of quality and safety of our products.



SUSTAINABILITY REPORT

B. GOVERNANCE STRUCTURE

The Governance Structure for OCB's sustainability management is set out below. The Board assumes the ultimate responsibility for the Group's sustainability efforts, while the COO cum ED plays the role of Chief Sustainability Officer ("CSO").

Board	The Board is ultimately responsible for the Group's sustainability. It ensures that the Group's business strategies give due consideration to all aspects of sustainability as prescribed by Bursa Securities.
Audit and Risk Management Committee ("ARMC")	The ARMC reviews the strategies, policies, management, initiatives, targets and performance of the Group in the areas of health and safety, environment, community relations, security and governance.
Risk Management Executive Committee ("RMEC")	The RMEC oversees the proper implementation of the sustainability strategy. It evaluates overall sustainability risks and opportunities.
Risk Management & Sustainability Working Group ("RMSWG")	The RMSWG identifies and evaluates sustainability risks and opportunities. It oversees the sustainability management at each subsidiary/operating unit. The RMSWG comprises heads of subsidiaries/operating units.

C. SCOPE

This Sustainability Report covers the following 3 operating divisions of the Group, namely:

(a) Consumer Foods Division
(b) Bedding Products Division
(c) Building Materials Division

Property Development Division has been excluded from the scope of this Sustainability Report as its current revenue is insignificant in relation to the revenue of the above Divisions, and it has no material sustainability matters which the Directors believe require reporting.

D. STAKEHOLDERS

We have identified the stakeholders relating to sustainability management of the Group. They can be grouped into internal and external stakeholders, and their significance to the Group is ranked as follows:

Internal Stakeholders	External Stakeholders
a. Investors	a. Customers and end-consumers
b. Employees	b. Regulators
c. Board and Board Committees	d. Government authorities
	c. Suppliers
	e. Local communities
	f. Media

The Group engages with its investors, the key internal stakeholders, through its corporate website www.ocbb.com.my where investors as well as other stakeholders may obtain financial information and news on the latest business developments.

The Group recognises that customers and end-consumers are the key external stakeholders. In line with this, the Group places high priority in product quality and safety. Consumers may communicate with the management of the respective operating divisions through their company websites and customer service hotline.

E. MATERIAL SUSTAINABILITY MATTERS

The Board, RMEC and RMSWG of the respective operating divisions have identified the Material Sustainability Matters relevant to each of the operating divisions. They are set out as follows:

Group/Divisions	Areas	Material Sustainability Matters
Consumer Foods Division	Social	• Product quality and safety • Labour practices • Workplace safety and health • Workforce diversity
	Economic	• Procurement practices
	Environmental	• Effluent and waste • Energy consumption
Bedding Products Division	Social	• Product quality and safety • Labour practices • Workplace safety and health • Workforce diversity
	Economic	• Procurement practices
	Environmental	• Energy consumption
Building Materials Division	Social	• Labour practices • Workforce diversity
	Economic	• Procurement practices
OCB Group	Social	• Contribution to local communities

E. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Materiality Matrix

The Materiality Matrix shows the Material Sustainability Matters with their significance to the Group's economic, environmental and social impact and the influence on the stakeholders' assessments and decision:

Influence on Stakeholders' Assessments and Decision

	Low	Medium	High
High			• Product Quality and Safety
Medium		• Procurement Practices	• Workplace Safety and Health • Effluent and Waste
Low	• Contribution to Local Communities	• Workforce Diversity	• Labour Practices • Energy Consumption

Significance of the Group's Economic, Environmental and Social impact

F. SUSTAINABILITY EFFORTS

Sustainability management is embedded within the Group's operations. OCB Group's sustainability efforts in relation to the Material Sustainability Matters are set out below:

(a) Product Quality and Safety

Product quality and safety are of the highest priority for the Consumer Foods Division. This Division has obtained certification for Hazard Analysis and Critical Control Point ("HACCP") MS 1480:2007 and Good Manufacturing Practice ("GMP") from Société Générale de Surveillance ("SGS"), as well as Halal certification from Department of Islamic Development Malaysia ("JAKIM"). These certifications set out procedures to ensure that the products are safe for consumption.

For the Bedding Products Division, the Research & Development ("R&D") team has been continuously improving on the bedding designs to ensure that the products provide sleep comfort and proper sleep posture. Employees participate in local and overseas exhibitions to expose themselves to new products and technologies. This Division is endorsed by the International Chiropractors Association of the United States of America and has achieved MS ISO 9001:2000 quality certification.

In FYE 2022, there were no major non-compliances in relation to product quality and safety standards which resulted in significant product return or recall. Neither were there any major complaints from consumers.

F. SUSTAINABILITY EFFORTS (CONT'D)

(b) Workplace Safety and Health

There are Safety and Health Committees ("SHC") formed at the Consumer Foods and Bedding Products Divisions. The SHCs carry out their functions in accordance with the Occupational Safety and Health Act ("OSHA") 1994, and Factories and Machinery Act 1967.

Each factory has its own fire fighting team, and the team members undergo regular trainings to maintain their skills and alertness in handling emergency situations. Fire drills are carried out annually, which serve to familiarise employees with the safety procedures during emergencies.

While the COVID-19 Standard Operating Procedures ("SOP") mandated by the Malaysian Government have been removed since the beginning of 2022, the Group remains vigilant and continues to observe the relevant good practices prescribed by the SOPs. All employees of the Group have completed the necessary vaccination programme.

In FYE 2022, none of the Group's subsidiaries were subject to penalties due to non-compliance with OSHA.

(c) Effluent and Waste

At the Consumer Foods Division, the effluent discharge from food production is treated through the waste water treatment plant ("WWTP") before being released. There is a qualified person who oversees the operation of the WWTP and reports are submitted to the Department of Environment ("DOE") every month. There is an ongoing monitoring of the WWTP capacity by the management to ensure that it is capable of handling increase in effluent discharge due to increase in production volume.

In FYE 2022, there were no incidents associated with WWT which had a significant impact on the food production operation.

(d) Procurement Practices

Majority of purchases of the Consumer Foods Division, Bedding Products Division and Building Materials Division are made from local vendors. The Group gives preference to local suppliers to support the local economy.

The purchases sourced from local suppliers were as follows:

Divisions	Targets	FYE 2020	FYE 2021	FYE 2022
Consumer Foods	95% or more	97%	98%	98%
Bedding Products	55% or more	72%	86%	88%
Building Materials	75% or more	83%	77%	64%

SUSTAINABILITY REPORT

F. SUSTAINABILITY EFFORTS (CONT'D)

(e) Energy Consumption

The Management has developed an energy consumption policy and system. Trainings are provided to employees to monitor and implement this policy and system.

The Consumer Foods Division uses more electricity energy as compared to the other Divisions. The electricity consumption for this Division was as follows:

Division	KW/MT			
	Target	FYE 2020	FYE 2021	FYE 2022
Consumer Foods	Not more than 200	170	180	180

The Management will continue to monitor the electricity usage with the aim of progressively reducing energy consumption while maintaining the product safety and quality.

(f) Labour Practices and Workforce Diversity

The Management fosters equal opportunities for all employees within the Group. Employees are rewarded based on their respective performance. The Management continually monitors the Group's performance to ensure that employee affairs are conducted in accordance with the Employment Act, 1965.

The Management practises gender neutrality in the Group's hiring policies. Gender representation in OCB Group as at the end of the FYE 2022 was as follows:

	Female			Male		
	FYE 2020	FYE 2021	FYE 2022	FYE 2020	FYE 2021	FYE 2022
Management and executive positions	53%	51%	54%	47%	49%	46%
Other positions	24%	25%	26%	76%	75%	74%

While there were almost equal numbers of employees of each gender in the management and executive positions, male workers made up higher numbers in other positions. This is due to the job requirements in certain production areas which are physically more demanding.

(g) Training and Learning

In support of lifelong learning, we provide training programs to employees in various areas. During the FYE 2022, our employees participated in trainings relating to:

- Taxation
- Environmental, social and governance ("ESG")
- Project management
- Communication and supervisory skills
- Food handling
- Information technology
- Employment law
- Custom HS codes
- Product briefing
- Anti-corruption

F. SUSTAINABILITY EFFORTS (CONT'D)

(h) Contribution to Local Community

The Board and the Management of each Division are particularly conscious about OCB Group's responsibility towards the local communities. Thus, they have been donating in the form of cash and kind to various non-profit organisations, and hosting education visits for students, undergraduates and Governmental organisations.

This Report was approved by the Board at the Board meeting held on 3 April 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of OCB Berhad ("OCB" or "the Company") is fully committed to the principles and recommendations made in the Malaysian Code on Corporate Governance ("MCCG"). This ensures that the best practices of corporate governance including accountability and transparency are adhered to by the Company to achieve long-term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders, the Company's application of the 3 key principles of the MCCG during the financial year ended 31 December ("FYE") 2022:

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board's main roles are to create value for shareholders and provide leadership to OCB and its subsidiary companies ("the Group"). It is primarily responsible for the Group's overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of Senior Management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board include:

(i) Ensuring that the Group's goals are clearly established, the necessary resources are in place for the Group to meet its objectives and that a strategic plan, which promotes long-term value creation and includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability, are in place to achieve them;

(ii) Establishing policies for strengthening the performance of the Group including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

(iii) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;

(iv) Appointing the Chief Operating Officer/Executive Director including setting the relevant terms and objectives and where necessary, terminating his employment with the Group;

(v) Ensuring that the Group has appropriate business risk management framework and corporate governance framework, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

(vi) Appointing Board committees to address specific issues, considering recommendations of the various Board committees and discussing problems and reservations arising from these committees' deliberations and reports;

(vii) Ensuring that the statutory financial statements of the Company and of the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Roles and Responsibilities of the Board (Cont'd)

(viii) Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management;

(ix) Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's code of corporate conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice;

(x) Reviewing the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") of the respective Board Committees;

(xi) Ensuring that there is in place an appropriate corporate disclosure policy and procedure which leverage on information technology for effective and timely dissemination of information which are comprehensive and accurate; and

(xii) Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

Roles of the Chairman and Chief Operating Officer

There is a clear and distinct division of responsibilities between the Chairman and the Chief Operating Officer ("COO") cum Executive Director ("ED") to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level.

The Chairman holds a Non-Executive position and is primarily responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at Board meetings reflect the consensus of the whole Board and not the views of any individual or group. The Chairman's other responsibilities include, among others, instilling good corporate governance practices.

The COO cum ED is responsible for the development of the corporate goals and objectives of the Group, and the setting of strategies for the businesses. The COO cum ED is primarily responsible for the day-to-day operations of the businesses of the Group, which includes implementation of policies and strategies adopted by the Board. He is responsible for communicating matters relating to the Group's businesses to the Board. His knowledge of the Group's businesses and affairs contributes significantly towards the attainment of the Group's goals and objectives.

Board Charter

The Board had in 2013 adopted a Board Charter which clearly sets out the Board's strategic intent and outline the Board's roles, powers, duties, and functions as well as a Schedule of Matters Reserved for collective decision of the Board. The Board Charter serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.

The Board Charter is subject to periodic review and updates by the Board whenever deemed necessary. The Board Charter was reviewed and updated on 29 November 2021 in line with the needs of the Group and the MCCG that impacted the discharge of the Board's responsibilities. This is to ensure its relevance for good corporate governance practices within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Code of Best Practice

The Board continues to adhere to the Code of Best Practice for Directors which sets out the standard of conduct expected of Directors with the aim to cultivate a good ethical conduct that in turn promotes the values of transparency, integrity, accountability and social responsibility.

Access to Information and Advice

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, status of major projects, future development, the quarterly or annual financial results, the minutes of preceding meetings of the Board and the Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior Management staff as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

The Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of the respective Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Committees and which may require the Board's direction.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the business. The Company Secretaries are responsible for ensuring that the Board procedures are followed, applicable rules and regulations for the conduct of the affairs of the Board are complied with, and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries also keep the Board members updated on new requirements, guidelines and rulings issued by the relevant regulatory authorities. The Board may undertake independent professional advice, where necessary and in appropriate circumstances, in furtherance of its duties.

Board Composition and Independence

The Board currently has 8 members, comprising an Independent Non-Executive Chairman, 4 Independent Non-Executive Directors, 2 Non-Independent Non-Executive Directors and a COO cum ED. The number of Independent Directors on the Board of the Company is more than the required one-third stipulated in Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Independent Non-Executive Directors do not participate in the day-to-day management of the business of the Company. In staying clear of any potential conflict of interest situation, the Independent Non-Executive Directors remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors.

The Independent Directors led by the Chairman of the Board provide a broader view, independent and balanced assessment of proposals from the Senior Management of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees

In discharging its duties, the Board is assisted by the Board Committees namely, the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Each Committee operates within its respective defined TOR which have been approved by the Board. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the MMLR of Bursa Securities and the MCCG.

A. Audit and Risk management Committee ("ARMC")

For details of the ARMC's composition and activities during the FYE 2022, please refer to the ARMC Report on pages 45 to 47 of this Annual Report.

B. Remuneration Committee ("RC")

The RC comprises the following members, all of whom are Independent Non-Executive Directors:

Chan Kee Eng *(Chairperson)*
Abd Aziz Bin Attan
Agnes Maria Sam A/P John Sam

The TOR of the RC are available for reference at *www.ocbb.com.my*.

The RC's primary responsibility is to structure and review the remuneration policies for key executives of the Group, with a view to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value. The remuneration packages for Key Senior Management personnel are subject to the approval of the Board, and in the case of Directors' fees and benefits, the approval of the shareholders at the Annual General Meeting ("AGM") of the Company. In carrying out its duties and responsibilities, the RC has full, free and unrestricted access to the Company's records, properties and personnel.

During the FYE 2022, the RC convened 1 meeting and full attendance of the members was recorded at the said meeting.

The Company pays its Directors' fees which are approved annually by the shareholders. The Directors are paid meeting allowance for the meetings they attended and are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. Where applicable, the Board also takes into consideration any relevant information on Directors' fees provided by the independent consultants or from survey data.

The Company has in place a Remuneration Policy for Directors and Senior Management which is available for reference at *www.ocbb.com.my*.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees (cont'd)

B. Remuneration Committee ("RC") (cont'd)

The details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during FYE 2022 were as follows:

Category	Executive Director	Non-Executive Directors							Total
	Mohd Harris Bin Pardi	Tee Keng Hoon	Abd Aziz Bin Attan	Agnes Maria Sam A/P John Sam	Chan Kee Eng	Sandra Mohan A/L Manthiry*	Wong Choon Shein	Fong Heng Leong	
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	66	106	106	106	6	66	66	522
Allowance	7	7	7	7	7	–	6	7	48
Salary [(1)]	242	–	–	–	–	–	–	–	242
Bonus	–	–	–	–	–	–	–	–	–
Benefits-in-kind [(2)]	6	–	10	–	–	–	–	6	22
Other emoluments	–	–	–	–	–	–	–	–	–
Total	**255**	**73**	**123**	**113**	**113**	**6**	**72**	**79**	**834**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fees	–	66	106	106	106	6	66	66	522
Allowance	7	7	7	7	7	–	6	7	48
Salary [(1)]	242	–	–	–	–	–	518	277	1,037
Bonus	–	–	–	–	–	–	–	–	–
Benefits-in-kind [(2)]	6	–	10	–	–	–	–	6	22
Other emoluments	–	–	–	–	–	–	–	–	–
Total	**255**	**73**	**123**	**113**	**113**	**6**	**590**	**356**	**1,629**

Notes:

(1) *Salary comprised basic salary, EPF, SOCSO and EIS.*

(2) *Benefits-in-kind comprised provision of company motor vehicle, petrol allowances, driver, medical reimbursement, insurance and phone bill.*

* *Appointed on 1 December 2022.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees (cont'd)

B. Remuneration Committee ("RC") (cont'd)

The number of Directors whose total remuneration falls within the following bands were:

Remuneration Range	Number of Directors	
	Executive Director	Non-Executive Director
Below RM50,000	–	1
RM50,000 to RM100,000	–	1
RM100,001 to RM150,000	–	3
RM250,001 to RM300,000	1	–
RM350,001 to RM400,000	–	1
RM550,001 to RM600,000	–	1

In determining the remuneration packages of the Group's Key Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents. On the disclosure of the remuneration of the top 5 Senior Management personnel, the Board was of the view that disclosure on a named basis would not be in the interest of the Company because such information is sensitive and proprietary in view of the competitive nature of the human resource market and such confidentiality supports the Group's efforts to attract and retain executive talent.

The remunerations of the top 5 Senior Management personnel of the Group during FYE 2022 were categorised as follows:

Category	Group RM'000	Company RM'000
Salaries and bonuses (1)	3,607	–
Statutory contributions (2)	252	–
Benefits-in-kind (3)	338	–
Total	**4,197**	**–**

Notes:

(1) *Salaries and bonuses comprised basic salary and bonus.*

(2) *Statutory contributions comprised EIS, EPF and SOCSO.*

(3) *Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, driver, medical reimbursement, insurance and phone bill.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees (cont'd)

B. Remuneration Committee ("RC") (cont'd)

The number of Senior Management personnel whose total remuneration falls within the following bands were as follows:

Remuneration Range	Number of Senior Management Personnel
Between RM500,001 – RM550,000	1
Between RM550,001 – RM600,000	1
Between RM600,001 – RM650,000	1
Between RM1,050,001 – RM1,100,000	1
Between RM1,400,001 – RM1,450,000	1

C. Nomination Committee ("NC")

The NC comprises the following members, all of whom are Independent Non-Executive Directors:

Agnes Maria Sam A/P John Sam *(Chairperson)*
Abd Aziz Bin Attan
Chan Kee Eng

The TOR of the NC are available for reference at www.ocbb.com.my.

The NC's roles are primarily to:

- identify, select and recommend to the Board, candidates for directorships of the Company;
- recommend to the Board, Directors to fill the seats on Board Committees;
- evaluate the effectiveness of the Board and the Board Committees (including its size and composition), contributions and performance of each individual Director and the independence of the Independent Directors; and
- ensure an appropriate framework and plan for the Board and Management succession for the Group.

The NC convened 2 meetings for FYE 2022 and the attendance of the NC members was as follows:

Member	Number of meetings attended in FYE 2022	% of Attendance
Agnes Maria Sam A/P John Sam	2 out of 2 meetings	100
Abd Aziz Bin Attan	2 out of 2 meetings	100
Chan Kee Eng	2 out of 2 meetings	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees (cont'd)

C. Nomination Committee ("NC") (cont'd)

Summary of the key activities undertaken by the NC in the discharge of its duties during the FYE 2022 were as follows:

(i) Reviewed and recommended the Directors' Fit and Proper Policy of the Company for the Board's approval;

(ii) Reviewed and approved the adoption of the revised Due Diligence Checklist for Candidates for Directorship;

(iii) Assessed and reviewed the independence of the Independent Directors and their tenure of service as Independent Directors on the Company;

(iv) Evaluated each individual director to assess the Director's calibre and ability to understand the requirements, risk and management of the Group's business; contribution and performance; character, integrity and professional conduct in dealing with conflict of interest situations; ability to critically challenge and ask the right questions; commitment and due diligence, confidence to stand up for a point of view; interaction at meetings and his/her training records for the current year under review;

(v) Evaluated the Board and the Board Committees to assess their mix, composition, size, roles, responsibilities as well their activities, communications and effectiveness for the current year under review;

(vi) Recommended to the Board, the appointment of Sandra Mohan A/L Manthiry as Independent Non-Executive Director of the Company; and

(vii) Endorsed the re-election of Fong Heng Leong, Wong Choon Shein and Sandra Mohan A/L Manthiry as Directors subject to shareholders' approval at the Sixty-Fourth AGM of the Company to be held in June 2023.

The NC, after having conducted the abovementioned evaluation and assessment, concluded that:

(i) all the Independent Directors of the Company continued to demonstrate conduct and behaviour that were essential indicators of their independence, and each of them continued to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities.

(ii) each Director of the Company has the requisite competence, calibre to serve on the Board and Board Committee(s) and had demonstrated his/her commitment to the Group in terms of time, participation and dialogue during the current year under review.

(iii) the Board and the Board Committees' respective responsibilities were well-defined and set out in the Board Charter. The criteria in the MMLR of Bursa Securities that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa Securities is met.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Appointments to the Board

The Board has in place a Policy on Nomination and Assessment Process of Board Members which was approved and adopted on 24 February 2020.

Candidates for appointment to the Board as Directors shall be selected after taking into consideration, the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates shall first be evaluated by the NC and, if recommended by the NC, subsequently by the Board based on their respective profiles as well as their character, integrity, professionalism, independence (if applicable) and their ability to commit sufficient time and energy to the Company's matters.

To have sufficient mix of skills, experience, diversity and independent elements on the Board, a new Independent Non-Executive Director, Sandra Mohan A/L Manthiry was appointed on 1 December 2022. Practice 5.2 of the MCCG (i.e. at least half of the Board comprises Independent Directors) is applied.

The number of women Directors on the Board is 2 i.e. 25% female representation on the Board which is close to the 30% target.

Gender Diversity Policy

The Board had, on the recommendation of the NC, approved the revised Board Diversity Policy for adoption on 29 November 2021. The said Policy stipulates, among other things, that the NC will consider the benefit of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

As recommended by the MCCG, the Company aims to appoint and/or maintain at least 30% women participation on the Board by 2023 and will work towards having appropriate age and ethnic diversity on the Board.

Annual Assessment

The NC annually reviews the size and composition of the Board and the Board Committees in order to ensure the Board has the requisite competencies and capacity to effectively oversee the overall business and carry out its responsibilities. The NC uses the Board and Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with Management and stakeholders, and Board engagement.

The annual evaluations of the individual Directors/Board Committee members are performed by the NC using the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, calibre and personality.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Checklist.

The Board members had at its meeting on 28 November 2022, concurred with the NC, that the Board comprised a good mix of individuals of different race and gender from diverse industries contributing considerable knowledge and skills, and the proposed addition of a new Director who is independent and bring with them different skill sets, will add valuable contribution and independent elements on the Board. All the Board Committees were found adequate in terms of number.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Tenure of Independent Directors

The Company has implemented a cumulative 9-year term limit for Independent Directors where upon completion of a cumulative 9-year term, an Independent Director may continue to serve on the Board subject to his/her re-designation as a Non-Independent Director.

On 1 January 2022, the Company adopted Practice 5.4 – Step Up of the MCCG, by limiting the tenure of its Independent Directors to 9 years without further extension and the Board Charter was amended accordingly to reflect the adoption.

Re-elections to the Board

Clause 82 of the Company's Constitution provides that an election of Directors shall take place each year and at the AGM, one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election.

Clause 86 of the Company's Constitution provides that any Director so appointed during a year, shall hold office only until the next following AGM and shall be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

Non-Independent Non-Executive Directors, Fong Heng Leong and Wong Choon Shein are due to retire by rotation at the conclusion of the forthcoming Sixty-Fourth AGM of the Company pursuant to Clause 82 of the Company's Constitution, have formally expressed their willingness to seek re-election.

Newly appointed Independent Non-Executive Director, Sandra Mohan A/L Manthiry who is due to retire at the conclusion of the aforesaid AGM pursuant to Clause 86 of the Company's Constitution, has also formally expressed his willingness to seek re-election.

The Board, with Fong Heng Leong, Wong Choon Shein and Sandra Mohan A/L Manthiry abstaining from voting, had endorsed their re-election as Directors at the forthcoming Sixty-Fourth AGM of the Company.

Meetings and Time Commitment

5 Board meetings were held during FYE 2022 and the attendance of the Directors was as follows:

Director	Number of meetings attended in FYE 2022	% of Attendance
Tee Keng Hoon	5 out of 5 meetings	100
Abd Aziz Bin Attan	5 out of 5 meetings	100
Agnes Maria Sam A/P John Sam	5 out of 5 meetings	100
Chan Kee Eng	5 out of 5 meetings	100
Wong Choon Shein	5 out of 5 meetings	100
Fong Heng Leong	5 out of 5 meetings	100
Mohd Harris Bin Pardi	5 out of 5 meetings	100
Sandra Mohan A/L Manthiry*	Nil	Nil

Note:
* *Appointed as Director on 1 December 2022.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Meetings and Time Commitment (cont'd)

The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during FYE 2022. All the Directors do not hold directorships more than that prescribed under the MMLR of Bursa Securities.

The Directors also made time to attend/participate in appropriate external webinars/trainings/forums in FYE 2022 as shown below to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:

Director	Webinar/Training/Forum	Date
Tee Keng Hoon	KPMG briefing on: (i) What is Inland Revenue Board's Expectation during a Transfer Pricing ("TP") audit (ii) Understanding Environmental, Social and Governance ("ESG") as mechanism to drive corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
Abd Aziz Bin Attan	KPMG briefing on: (i) What is Inland Revenue Board's Expectation during a TP audit (ii) Understanding ESG as mechanism to drive corporate value	25 August 2022
	Audit Oversight Board Conversation with Audit Committees	6 December 2022
Agnes Maria Sam A/P John Sam	KPMG briefing on: (i) What is Inland Revenue Board's Expectation during a TP audit (ii) Understanding ESG as mechanism to drive corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
	Audit Oversight Board Conversation with Audit Committees	6 December 2022
Chan Kee Eng	KPMG briefing on: (i) What is Inland Revenue Board's Expectation during a TP audit (ii) Understanding ESG as mechanism to drive corporate value	25 August 2022
	Human Rights Risk Management for Malaysian Companies	27 September 2022
	Audit Oversight Board Conversation with Audit Committees	6 December 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Meetings and Time Commitment (cont'd)

The Directors also made time to attend/participate in appropriate external webinars/trainings/forums in FYE 2022 as shown below to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities (cont'd):

Director	Webinar/Training/Forum	Date
Sandra Mohan A/L Manthiry*	Selangor International Healthcare Conference 2022	7 October 2022 to 9 October 2022
Fong Heng Leong	KPMG briefing on: (i) What is Inland Revenue Board's Expectation during a TP audit (ii) Understanding ESG as mechanism to drive corporate value	25 August 2022
Wong Choon Shein	Webinar: Corporate Liability on Corruption under the MACC Act 2009 - Implications of Section 17A & Developing Adequate Procedures	16 August 2022
Mohd Harris Bin Pardi	KPMG briefing on: (i) What is Inland Revenue Board's Expectation during a TP audit (ii) Understanding ESG as mechanism to drive corporate value	25 August 2022

Note:
* *Appointed as Director on 1 December 2022.*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

Grant Thornton Malaysia PLT, the External Auditors, report to the ARMC in respect of their audit on each year's statutory financial statements and on matters that require the attention of the ARMC.

At least twice a year, the ARMC will have a separate session with the External Auditors without the presence of the COO cum ED and the Management.

The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual audit plan presented to the ARMC of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Sound Risk management Framework

The Board recognises the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board had put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

A Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out in pages 48 to 52 of this Annual Report.

Internal Audit Function

The internal audit function is set out in the ARMC Report on page 47 of this Annual Report.

The key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Control as presented on pages 48 to 50 of this Annual Report.

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

Compliance with Applicable Financial Reporting Standards

The Board takes responsibility in presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The ARMC reviews the information to be disclosed to ensure its accuracy and adequacy.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 54 of this Annual Report.

Investors Relations and Shareholders' Communication

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. Such information is available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's website at *www.ocbb.com.my*.

The AGM provides the principal platform for dialogue and interactions with shareholders. Notice of the AGM and related papers thereto are sent to shareholders at least 28 days before the AGM to facilitate easy review by the shareholders. In respect of items on Special Business, the notice of the AGM will be accompanied by a full explanation of the effects of the proposed resolution.

A Question and Answer session will be allowed during the proceedings of the AGM wherein the Directors, Company Secretaries and the External Auditors will be available to answer to the queries raised by shareholders. A full explanation for each resolution proposed at the AGM will usually be provided by the Chairman before the resolution is put to the vote.

Separate issues are tabled in separate resolutions at the AGM. Voting is carried systematically and motions carried through are properly recorded. In accordance with Paragraph 8.29A(1) of the MMLR of Bursa Securities, poll voting will be carried out at the forthcoming Sixty-Fourth AGM of the Company to be held on 26 June 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Leverage on Information Technology for Effective dissemination of Information

The Company's website at *www.ocbb.com.my* facilitates effective dissemination of latest and up-to-date information pertaining to the Company to the investors and general public.

This Annual Report, Share Buy-Back Statement, Notice of the Sixty-Fourth AGM and other AGM related documents will be made available on the Company's website at *www.ocbb.com.my* or shareholders may request for the printed copy of the same from the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. A notification in respect of the availability of the aforesaid documents will be sent via email to shareholders with email address and via ordinary mail to the other shareholders.

Shareholders also have the option to submit to the Company's Administration and Polling Agent, KPMG Management & Risk Consulting Sdn. Bhd., their Proxy Form either in hard copy or by electronic form via ConveneAGM Meeting Platform at *https://conveneagm.my/ocbagm2023* or email to *support_conveneagm@kpmg.com.my*.

COMPLIANCE WITH MCCG

The Board considers that the Company has complied with the Practices and applied the key principles of the MCCG throughout FYE 2022 except for the Practices below where the explanations for departure are disclosed in the Corporate Governance Report:

Practice 5.9	:	The Board comprises at least 30% women directors.
Practice 8.2	:	The Board discloses on a named basis the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board has reviewed and approved this Corporate Governance Overview Statement at the Board meeting held on 3 April 2023. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and the MMLR of Bursa Securities throughout FYE 2022, save for the exceptions as disclosed above.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is made available online on the Company's website at *www.ocbb.com.my*.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of OCB Berhad ("OCB" or "the Company") ("Board") is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year ended 31 December 2022 ("FYE 2022").

The terms of reference of the ARMC are available on the Company's website at *www.ocbb.com.my*.

COMPOSITION

The ARMC comprises the following members, all of whom are Independent Non-Executive Directors:

Members

Abd Aziz Bin Attan *(Chairman)*
Agnes Maria Sam A/P John Sam
Chan Kee Eng

The profile of the current ARMC members can be found on pages 17 to 18 of this Annual Report.

Secretaries

Lydia Tong Yiu Shyian-Shyian
Nor Zarifah Binti Abdullah @ Mahmud

NUMBER OF MEETINGS AND ATTENDANCE

During FYE 2022, the ARMC held 5 meetings and the attendance of the members was as follows:

Member	Number of meetings attended in FYE 2022	% of Attendance
Abd Aziz Bin Attan	5 out of 5 meetings	100
Agnes Maria Sam A/P John Sam	5 out of 5 meetings	100
Chan Kee Eng	5 out of 5 meetings	100

The Head of Finance also attended all the above ARMC meetings upon invitation by the ARMC. The Group's External Auditors also attended 2 of the ARMC meetings which were held on 4 April 2022 and 28 November 2022. The ARMC members also had private sessions in the said meetings with the External Auditors without the presence of the Head of Finance to discuss audit findings and any other observations that they may have noted during the audit process.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The main activities undertaken by the ARMC in discharging their responsibility during the FYE 2022 were as follows:

(i) Reviewed the announcements on the quarterly unaudited financial results of OCB and its subsidiary companies ("OCB Group" or "the Group") before recommendation to the Board for its consideration and approval;

(ii) Reviewed the quarterly internal audit reports regarding significant risk areas and internal control matters coming to the attention of the ARMC and discussion on the findings with Senior Management to ensure that appropriate and timely measures have been taken to improve on the internal control system;

(iii) Reviewed conflict of interest situations and related parties transactions, if any, entered into by the Group and the disclosure of such transactions in the quarterly financial reporting and Annual Report to ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements;

(iv) Reviewed the half-yearly risk management reports on significant key risks identified, discussion with the Management and action to be taken to address or mitigate these risks, and also the half-yearly Sustainability Report on material sustainability matters;

(v) Reviewed with the External Auditors, the audit report and their findings arising from the final audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2021 ("FYE 2021");

(vi) Reviewed the audited financial statements of the Group and of the Company for FYE 2021 with the External Auditors prior to submission to the Board for approval;

(vii) Discussed with the Senior Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards ("MFRSs") applicable to the financial statements of the Group and of the Company for the beginning of 1 January 2022 and their judgment of the items that may affect the financial statements;

(viii) Reviewed the assistance given by the Company's employees to the Internal Auditors and External Auditors;

(ix) Reviewed the ARMC Report, Statement on Risk Management and Internal Control and Sustainability Report for inclusion in the Annual Report 2021;

(x) Reviewed and recommended the revised Standard Operating Procedure for Anti-Corruption and Policy on Whistle Blowing for the Board's approval;

(xi) Evaluated the performance of the internal audit function for FYE 2021;

(xii) Evaluated the performance of the External Auditors and made recommendation to the Board for their re-appointment for the financial year ending 31 December 2023;

(xiii) Reviewed and approved the External Audit Plan in respect of the financial statements of the Group and of the Company for FYE 2022 and the scope for the annual audit for the Group presented by the External Auditors; and

(xiv) Reviewed and approved the Internal Audit Plan for the Group for Year 2023 presented by the Internal Auditors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Company engaged an independent external consulting firm ("Internal Auditors") to perform the internal audit function of the Group. Internal audit performs the role of promoting an efficient and effective control environment through independent and objective internal control reviews, education and business process consultation. The areas to be covered by the audit are selected on a rotational basis, with core risk areas being subject to more regular audit than those outside the defined core risk areas.

A risk-based approach is adopted in the planning and conduct of audits which is consistent with the Group's established risk-based framework in identifying, designing, implementing and monitoring of risks process and control systems.

The ARMC reviews the scope of the intended audit and approves the Internal Audit Plan before the actual audit takes place. The findings of the internal audit work done are reported directly to the ARMC. The scope of the Internal Auditors covers the audits of all units and operations of the Group including the various computer application systems of the Group. Besides the scheduled audits, the Internal Auditors also conduct ad hoc fact based investigation audit, as and when a need arises. The final reports from the Internal Auditors were directly forwarded to the ARMC.

Key observations and opportunities for improvements identified were also presented to the ARMC for the Management to revert with responses to mitigate gaps, if any, are identified.

The Internal Auditors also assist the Risk Management Executive Committee in collecting data, monitor and report on material sustainability matters.

A summary of activities of the internal audit function during FYE 2022 is presented in the Statement on Risk Management and Internal Control. The Group paid a total fee of RM96,902 for services rendered in respect of internal audit for FYE 2022.

This Report was approved by the Board at the Board meeting held on 3 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of OCB Berhad ("OCB" or "the Company") ("Board") recognises the importance of a consistently sound risk management and internal control system to meet the Group's business objectives, safeguard shareholders' interest and the Group's assets. It affirms its responsibilities for the Group's risk management and internal control system which include the establishment of an appropriate control environment and framework as well as review of the adequacy, integrity and effectiveness of the internal control system. The internal control system covers the areas of governance, risk management, finance, operations, sustainability, anti-corruption, management information systems, compliance with the relevant laws and regulations, including related party transactions.

However, in view of the limitations inherent in any system of internal control, the system is designed to identify and manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

INTERNAL CONTROL SYSTEM

The Board maintains an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures which are clearly set out in the Board Charter. The Board meets regularly and has a Schedule of Matters specifically reserved for its collective decision in order that effective control over strategic, financial, operational, sustainability and compliance issues can be maintained. This structure includes the Risk Management Executive Committee ("RMEC") and the Audit and Risk Management Committee ("ARMC").

The Chief Operating Officer ("COO") cum Executive Director ("ED") and Senior Management team are assigned with the responsibility of managing the Group. Key functions such as finance, tax, treasury, sustainability, corporate, legal matters and contract awarding are controlled centrally by them. They are also accountable for the conduct and performance of the various operating divisions. The COO cum ED and Senior Management team monitor the affairs of the operating divisions through review of performance and operation reports and having regular management meetings with the Heads of the operating divisions to identify, discuss and resolve business, financial, operational, sustainability and management issues. The meetings also serve as an excellent platform whereby the Group's goals and objectives are communicated.

RISK MANAGEMENT

The Board confirms that there is an on-going process for identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The Group has formalised the risk management process in place to identify, evaluate and manage the significant risks faced by the Group in meeting its business objectives. The risk management process is conducted in accordance with the Group's Risk Management Framework. The Framework sets out the Risk Management Policy and Risk Management Methodologies.

In accordance with the Risk Management Framework, the Group had in 2013 formed a RMEC at corporate level to oversee the Group's risk management process. The RMEC currently consists of the COO cum ED, Key Management staff, Internal Auditors (Risk Management Co-ordinator) and the Company Secretaries. At each operating division, a Risk Management and Sustainability Working Group ("RMSWG") was also formed consisting of the COO cum ED, Internal Auditors (Risk Management Co-ordinator), and the Senior Managers of the operating divisions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

Risks are identified and assessed by the RMSWG of each operating division by employing the following methodologies:

(A) Identifying risks

Risk is defined as an event which will cause the Group to suffer financial or non-financial losses in the short-term or long-term. From another perspective, a risk may also be in the form of a missed opportunity to earn more profit.

In the risk identification process, all potential events that could adversely impact the achievement of business objectives are identified by the RMSWG.

The risks can be categorised into the following 4 objectives:

- Strategic – high level goals, aligned with and supporting Group's mission
- Operation – effective and efficient use of resources
- Reporting – reliability of financial reporting
- Compliance – compliance with applicable laws and regulations

(B) Quantify risks

The risks identified are quantified for their impact on the Group.

The potential impact of a risk event is the combination of the likelihood (probability) that the risk will happen and the impact (gravity) which it will cause if the risk does happen.

A score of (1) to (5) will be assigned for likelihood and impact respectively.

Consequently, a risk event may have a combined score of (1) up to (25) depending on its likelihood and impact scores. A risk with a high rating poses more serious threat to the organisation than a low rating risk. The risk will be mapped into the following risk heat-chart:

LIKELIHOOD					
5	M	M	H	H	H
4	M	M	M	H	H
3	L	M	M	M	H
2	L	L	M	M	M
1	L	L	L	M	M
	1	2	3	4	5
			IMPACT		

(C) Responses to risks

For each risk identified, the Management will have one or more of the following response options:

- Avoid the risk by not proceeding with an activity which generates the risk.
- Treat the risk by applying controls to minimize the likelihood or impact of the risk.
- Transfer the risk by sharing the impact of the risk with outside parties such as insurance or joint venture.
- Tolerate the residue (balance) risk if it is within the Group's risk appetite.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

Risks are identified and assessed by the RMSWG of each operating division by employing the following methodologies (cont'd):

(D) Risk control strategies

For each of the type of risks response chosen, the relevant control strategies are identified.

If an existing control falls short of its effectiveness or if there is no existing control in managing a significant risk, then new control strategies must be developed to manage the risk so that the residue risk is reduced to an acceptable level.

(E) Monitoring of risks and controls

Ongoing risk monitoring is conducted to review the effectiveness of the control strategies in respect of the risks identified and that corrective actions are taken where necessary. In this respect, Key Risk Indicators are set for each risk to help the RMSWG in the risk monitoring process.

(F) Periodic review

Risk profile of the Group changes with the internal and external organisational developments. An event regarded as low risk today may become high risk in the future. Therefore, an effective risk management project is not a one-time exercise but an ongoing process which forms part of the operation of the Group. In this regard, the risk profile and control processes will be continually updated on a regular basis, at least quarterly.

The RMSWG of each operating division reports its work to the RMEC. The RMEC will then meet to discuss and evaluate the RMSWGs' reports for adoption. Thereafter, the RMEC will report to the ARMC twice yearly about key risks and risk management activities carried out during that period.

During the FYE 2022, the RMEC and the RMSWG of all the operating divisions had their respective meetings. The RMEC and RMSWG carried out reviews on the following areas of the Group during the financial year under review:

- Anti-corruption training, standard operating procedures ("SOPs") and risks
- Sustainability
- Business prospects
- Sales and Marketing
- Warehouse
- Purchasing
- Production
- Human resource
- Finance
- Management Information System/ Information Technology
- Credit control and collections
- Safety/Fire fighting
- Product development/Research & development
- Quality control
- Covid-19 impact and action plan and SOPs

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT

The ARMC is responsible for reviewing and monitoring the adequacy, integrity and effectiveness of the Group's system of internal control. In this respect, the Group outsourced the internal audit function to an independent external consulting firm, Messrs Tan Yen Yeow & Company which is free from any conflict of interest with the Company, to enable objective assessment of the internal control systems to be conducted. The internal audit function assists the Board to achieve the following objectives:

- Assesses the adequacy and integrity of the current internal control system and provides recommendations to improve on the existing control environment in relation to business processes and risk management practices;
- Evaluates existing policies and procedures of key business processes and provides recommendations for enhancement;
- Highlights opportunity to improve efficiency, effectiveness and economic aspects of the Group's operations;
- Promotes a system of internal control that is responsive to the dynamic and ever changing business environment; and
- To be cost effective and sustainable over time.

The Internal Auditors carries out its work in line with the International Professional Practices Framework (IPPF).

The annual Internal Audit Plan is reviewed and approved by the ARMC prior to each financial year. The Plan is developed based on the analysis of the businesses of the Group. The Internal Auditors will focus its resources on core risk areas which will be audited more frequently than low risk areas.

For purposes of identifying and prioritising risks, the Internal Auditors will discuss with the RMEC and the RMSWG, review management reports and financial statements as well as learning from previous audit experiences.

During the FYE 2022, the Internal Auditors carried out reviews on the following core areas of the Group and the operating divisions to assess the adequacy and effectiveness of internal controls, compliance with regulations and the Group's policies and procedures by each of the operating divisions:

- Inventory management
- Sales
- Accounts receivable
- Anti-corruption compliance and practices

The findings of the internal audit were tabled at the ARMC meetings for deliberation and the ARMC's expectation on the corrective measures were communicated to the respective Heads of the operating divisions.

CONCLUSION

The External Auditors provide reasonable assurance in the form of their annual statutory audit of the financial statements. Further areas for improvement identified during the course of the statutory audit by the External Auditors are brought to the attention of the ARMC through management letters or discussed at the ARMC meetings. If necessary, the Internal Auditors shall meet with the External Auditors to discuss matters arising from the external audit and review of the Statement on Risk Management and Internal Control by the External Auditors.

Standard Operating Procedures which include policies within each operating division are in place and continuously updated.

Continuous training and development programmes are also provided to enhance employees' competencies and maintain a risk control conscious culture.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONCLUSION (CONT'D)

Based on the Internal Audit reports for the FYE 2022, the Board was of the view that the risk management and internal control system in place for the year under review were generally adequate. The Board, having received assurance from the COO cum ED, was satisfied with the adequacy and integrity of the risk management and internal control system. There were no material internal control weaknesses which had resulted in material losses, uncertainties or contingencies that would require disclosure in this Annual Report.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and reported that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the internal control system within the Group.

This Statement was approved by the Board at the Board meeting held on 3 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2022 ("FYE 2022"), the amount of audit and non-audit fees paid/ payable by the Group and the Company to the External Auditors, Grant Thornton Malaysia PLT ("GTM") or a firm or corporation affiliated to GTM, for services rendered to the Company and its subsidiaries were as follows:

Type of fees	Group RM	Company RM
Audit fees	182,000	34,000
Non-audit fees	84,000	65,400

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interests of the Directors, Chief Executive who is not a Director, or major shareholder, which are still subsisting at the end of the FYE 2022 or, if not then subsisting, which were entered into since the end of the previous financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows and changes in equity of the Group and of the Company for that financial year.

In preparing the financial statements for the financial year ended 31 December 2022, the Directors consider that, the Group has used the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), applied them consistently and made judgments and estimates that are reasonable and prudent.

The Directors also consider that the MFRSs and IFRSs have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016, disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the MFRSs and IFRSs.

The Auditors' responsibilities are stated in their Report to the shareholders of the Company.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year	(3,768)	2,032
Attributable to:-		
Owners of the Company	(3,609)	2,032
Non-controlling interest	(159)	–
	(3,768)	2,032

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.

ISSUE OF SHARES AND DEBENTURES

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

DIRECTORS' REPORT

DIRECTORS

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

- Tee Keng Hoon (Chairman/Independent and Non-Executive Director)
- Abd Aziz Bin Attan (Senior Independent Non-Executive Director)
- Wong Choon Shein (Non-Independent Non-Executive Director)*
- Mohd Harris Bin Pardi (Chief Operating Officer cum Executive Director)*
- Fong Heng Leong (Non-Independent Non-Executive Director)*
- Agnes Maria Sam A/P John Sam (Independent Non-Executive Director)
- Chan Kee Eng (Independent and Non-Executive Director)
- Sandra Mohan A/L Manthiry (Independent Non-Executive Director) (appointed on 1.12.2022)
- Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil (Chairman/Senior Independent Non-Executive Director) (resigned on 1.1.2022)

* *Director of the Company and certain subsidiaries*

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

- Nur Aisyah Wong @ Wong Wai Yin
- Tan Eng Hoe
- Yeoh Jin Beng
- Sak Swee Sang
- Ding. Xianqian (resigned on 15.7.2022)
- Zeng Xiang Hui (resigned on 15.7.2022)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, there were no Directors in office at the end of the financial year who held any direct or indirect interest in the shares of the Company and its related corporations.

DIRECTORS' REMUNERATION

During the financial year, the remuneration received by the Directors of the Company and the Directors of the subsidiaries are as follows:-

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Executive Directors:-				
Salaries and other emoluments	**223**	204	**223**	204
Defined contribution plan	**26**	24	**26**	24
	249	228	**249**	228
Non-Executive Directors:-				
Fees	**522**	418	**522**	418
Salaries and other emoluments	**836**	564	**41**	65
	1,358	982	**563**	483
Sub-total	**1,607**	1,210	**812**	711
Benefits in kind	**22**	26	**22**	26
Total	**1,629**	1,236	**834**	737

DIRECTORS' REPORT

DIRECTORS' REMUNERATION (CONT'D)

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors for the Company and its related corporation as shown in the Directors' Report and the financial statements of the Company) 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 substantial financial interest.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises the following members:-

- Abd Aziz Bin Attan (Chairman/Senior Independent Non-Executive Director)
- Agnes Maria Sam A/P John Sam (Member/Independent Non-Executive Director)
- Chan Kee Eng (Member/Independent Non-Executive Director)

The functions of the Audit and Risk Management Committee are to review accounting policies, internal controls, financial results, risk management & sustainability and annual financial statements of the Group and of the Company on behalf of the Board of Directors.

In performing its functions, the Audit and Risk Management Committee reviewed the overall scope of external audit. It met up with the Company's auditors to discuss the results of their examinations and their evaluation of the system of internal accounting controls of the Group and of the Company. The Audit and Risk Management Committee also reviewed the assistance given by the Group's and the Company's officers to the auditors.

The Audit and Risk Management Committee reviewed the financial statements of the Group and of the Company as well as the auditors' report thereon and recommended to the Board of Directors, the reappointment of Grant Thornton Malaysia PLT as statutory auditors.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

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

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events during and after the financial year are disclosed in Note 31 to the Financial Statements.

AUDITORS

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

The amount of audit and other fees paid or payable to the external auditor and its member firms by the Group and the Company for the financial year ended 31 December 2022 amounted to RM265,800 and RM99,400 respectively. Further details are disclosed in Note 24 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the Financial Year.

DIRECTORS' REPORT

AUDITORS (CONT'D)

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

MOHD HARRIS BIN PARDI	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
FONG HENG LEONG	)	

Petaling Jaya, Selangor Darul Ehsan
3 April 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 65 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

MOHD HARRIS BIN PARDI

FONG HENG LEONG

Petaling Jaya, Selangor Darul Ehsan
3 April 2023

STATUTORY DECLARATION

I, Sak Swee Sang, being the Officer primarily responsible for the financial management of OCB Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 65 to 135 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this 3rd day of)
April 2023)

SAK SWEE SANG
(MIA NO: 14333)

Before me:

No: W671
Ramathilagam A/P T Ramasamy
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OCB BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OCB 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 65 to 135.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). 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 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, in forming our opinion thereon and we do not provide a separate opinion on these matters.

Impairment of trade receivables

The risk – As at 31 December 2022, the Group reported trade receivables amounted to RM37,467,785. Based on the impairment requirements under MFRS 9, the management is required to apply forward-looking approach in assessing the impairment of trade receivables. The management has applied broader range of information including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cashflows of trade receivables to calculate the expected credit losses using a provision matrix. Due to the materiality of the Group's trade receivables to the financial statements, we have identified impairment of trade receivables as a significant risk requiring special audit consideration.

Our response – In addition to other procedures, we considered it is necessary to test the trade receivables aging report, assess the reasonableness of assumptions and judgements made by the management regarding the expected credit losses and recoverability of debts from each customer and test the recoverability of outstanding trade receivables through examination of subsequent cash collections.

We found management's assumptions and judgements regarding the adequacy of the impairment of trade receivables to be reasonable in the context of the financial statements as a whole. The Group's disclosures regarding impairment of trade receivables are included in Note 12 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OCB BERHAD

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

Key Audit Matters (cont'd)

Recoverability of carrying amount of the assets of a cash-generating unit ("CGU") containing goodwill on consolidation

The risk - As at 31 December 2022, the Group's carrying amounts of goodwill on consolidation of the Consumer Foods Division is amounted to RM16,111,251. The Group is required to perform annual impairment assessment on the carrying amount of the assets of a CGU to which goodwill on consolidation has been allocated.

We focused on the recoverability of the carrying amount of assets of the CGU with goodwill on consolidation due to significant estimates involved in determining key assumptions used in deriving the recoverable amount of the CGU, i.e. revenue growth rates, earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rates, terminal growth rates and discount rates as applicable.

The Directors and the management performed impairment assessments of the CGU by applying value-in-use determined using discounted cash flow projections based on approved budgets. Various considerations are involved in the preparation of cash flow projections, including actual historical results, current available information such as the outcome of tender processes, secured contracts or latest available market information. Based on the assessments performed, the Board of Directors are of the opinion that the carrying amount assets under Consumer Foods Division, including its goodwill on consolidation are recoverable.

Our response – Together with our valuation experts, we evaluated the reasonableness of key assumptions used by management in the approved cash flow projections by comparing the revenue growth rates, EBITDA growth rates and terminal growth rates to historical results and industry data, where appropriate. We assessed the reliability of approved budget by comparing their previous years' approved budget against past trends of actual results. We also involved our valuation expert to assess the discount rates used in determining the recoverable amounts of the CGUs. We checked the appropriateness of sensitivity analysis performed by management, including disclosures, on reasonable possible changes in key assumptions and the corresponding effect on the recoverable amounts.

Whilst recognising that forecasting is inherently judgemental, based on the above procedures performed, we concluded that there are no any material exceptions noted. The Group's disclosures about impairment assessment of cash-generating unit containing goodwill on consolidation are disclosed in Note 8 to the Financial Statements.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OCB BERHAD

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

Responsibilities of the Directors for the Financial Statements

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

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

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 ISAs 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 ISAs, 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 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 and the Company to cease to continue as a going concern.

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OCB BERHAD

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the Financial Statements.

OTHER MATTER

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

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

TAN HOOI SHIN
(NO: 3383/06/2024 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
3 April 2023

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**86,710**	92,750	**40**	78
Investment properties	5	**10,989**	11,297	**–**	–
Inventories	6	**58,612**	58,612	**–**	–
Investment in subsidiaries	7	**–**	–	**131,807**	131,807
Goodwill on consolidation	8	**16,111**	16,111	**–**	–
Other intangible assets	9	**30**	30	**–**	–
Deferred tax assets	10	**1,292**	852	**–**	–
Total non-current assets		**173,744**	179,652	**131,847**	131,885
Current assets					
Inventories	6	**34,046**	29,109	**–**	–
Right of return assets	11	**304**	258	**–**	–
Trade receivables	12	**37,468**	36,623	**–**	–
Other receivables, deposits and prepayments	13	**3,371**	3,441	**3**	3
Amount due from subsidiaries	14	**–**	–	**17,410**	15,720
Tax recoverable		**1,201**	1,921	**30**	45
Short term deposits with licensed banks	15	**12,366**	13,619	**–**	–
Cash and bank balances		**38,841**	37,972	**364**	425
Total current assets		**127,597**	122,943	**17,807**	16,193
Total assets		**301,341**	302,595	**149,654**	148,078

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	**103,105**	103,105	**103,105**	103,105
Reserves	17	**66,304**	70,008	**43,703**	41,671
Equity attributable to owners of the Company		**169,409**	173,113	**146,808**	144,776
Non-controlling interests	7	**(61)**	(38)	**–**	–
Total equity		**169,348**	173,075	**146,808**	144,776
LIABILITIES					
Non-current liabilities					
Bank borrowings	18	**46,829**	51,051	**–**	–
Lease liabilities	19	**732**	490	**–**	–
Deferred tax liabilities	10	**3,519**	3,449	**4**	–
Total non-current liabilities		**51,080**	54,990	**4**	–
Current liabilities					
Trade payables	20	**25,500**	23,562	**–**	–
Other payables, accruals and deposits received	21	**13,953**	13,800	**442**	369
Amount due to subsidiaries	14	**–**	–	**2,400**	2,933
Contract liabilities	22	**3,103**	4,256	**–**	–
Refund liabilities	11	**362**	315	**–**	–
Tax payable		**610**	–	**–**	–
Bank borrowings	18	**37,116**	32,394	**–**	–
Lease liabilities	19	**269**	203	**–**	–
Total current liabilities		**80,913**	74,530	**2,842**	3,302
Total liabilities		**131,993**	129,520	**2,846**	3,302
Total equity and liabilities		**301,341**	302,595	**149,654**	148,078

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contract with customers					
- Sales of goods		**254,834**	238,800	**–**	–
- Management fees		**–**	–	**1,478**	978
- Dividend income		**–**	–	**2,678**	6,246
- Rental income		**70**	93	**–**	–
Total revenue	23	**254,904**	238,893	**4,156**	7,224
Cost of sales		**(210,377)**	(203,283)	**–**	–
Gross profit		**44,527**	35,610	**4,156**	7,224
Other income		**2,583**	1,573	**–**	–
Finance income		**244**	257	**–**	93
Selling and distribution expenses		**(16,434)**	(12,171)	**–**	–
Administration expenses		**(27,606)**	(26,117)	**(2,071)**	(1,818)
Other expenses		**(2,005)**	(11,286)	**–**	–
Net loss of impairment loss on financial assets		**(1,156)**	(10)	**(10)**	–
Finance costs		**(2,155)**	(1,754)	**–**	–
(Loss)/Profit before tax	24	**(2,002)**	(13,898)	**2,075**	5,499
Tax expense	25	**(1,766)**	(398)	**(43)**	–
Net (loss)/profit for the financial year		**(3,768)**	(14,296)	**2,032**	5,499
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss:-					
Foreign exchange translation differences for foreign operation		**41**	9	**–**	–
Total comprehensive (loss)/income for the financial year		**(3,727)**	(14,287)	**2,032**	5,499

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net (loss)/profit for the financial year attributable to:-					
Owners of the Company		**(3,609)**	(14,105)	**2,032**	5,499
Non-controlling interests		**(159)**	(191)	**–**	–
		(3,768)	(14,296)	**2,032**	5,499
Total comprehensive (loss)/ income for the financial year attributable to:-					
Owners of the Company		**(3,568)**	(14,096)	**2,032**	5,499
Non-controlling interests		**(159)**	(191)	**–**	–
		(3,727)	(14,287)	**2,032**	5,499
Loss per share					
Basic (sen)	26	**(3.51)**	(13.71)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	← Attributable to owners of the Company	Non-distributable	Distributable	→		
		Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 January 2021		103,105	127	85,520	188,752	153	188,905
Net loss for the financial year		–	–	(14,105)	(14,105)	(191)	(14,296)
Other comprehensive income		–	9	–	9	–	9
Total comprehensive income/(loss) for the financial year		–	9	(14,105)	(14,096)	(191)	(14,287)
Dividend paid		–	–	(1,543)	(1,543)	–	(1,543)
Balance at 31 December 2021		103,105	136	69,872	173,113	(38)	173,075
Net loss for the financial year		**–**	**–**	**(3,609)**	**(3,609)**	**(159)**	**(3,768)**
Other comprehensive income		**–**	**41**	**–**	**41**	**–**	**41**
Total comprehensive income/(loss) for the financial year		**–**	**41**	**(3,609)**	**(3,568)**	**(159)**	**(3,727)**
Adjustment to non-controlling interest for additional acquisition of interest in a subsidiary	7(a)(ii)	**–**	**–**	**(136)**	**(136)**	**136**	**–**
Balance at 31 December 2022		**103,105**	**177**	**66,127**	**169,409**	**(61)**	**169,348**

Company	Share capital RM'000	Retained earnings RM'000	Total RM'000
Balance at 1 January 2021	103,105	37,715	140,820
Total comprehensive income for the financial year	–	5,499	5,499
Dividend paid	–	(1,543)	(1,543)
Balance at 31 December 2021	103,105	41,671	144,776
Total comprehensive income for the financial year	**–**	**2,032**	**2,032**
Balance at 31 December 2022	**103,105**	**43,703**	**146,808**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES					
(Loss)/Profit before tax		**(2,002)**	(13,898)	**2,075**	5,499
Adjustments for:					
Amortisation of investment properties		**527**	524	**–**	–
Depreciation of property, plant and equipment		**7,244**	8,261	**46**	50
Loss on disposal of property, plant and equipment		**197**	48	**–**	–
Impairment loss on intangible assets		**–**	10,421	**–**	–
Impairment loss on trade receivables		**2,599**	1,827	**–**	–
Impairment loss on amount due from subsidiary		**–**	–	**10**	–
Bad debts written off		**55**	–	**–**	–
Finance expenses		**2,155**	1,754	**–**	–
Finance income		**(244)**	(257)	**–**	–
Inventories written off		**43**	91	**–**	–
Loss on lease modification		**–**	169	**–**	–
Property, plant and equipment written off		**537**	14	–	–
Provision of slow moving inventories		**1,384**	1,467	–	–
Reversal of provision on slow moving inventories		**(1,361)**	(485)	**–**	–
Reversal of impairment loss on trade receivables		**(1,310)**	(1,767)	**–**	–
Reversal of impairment loss on other receivable		**(133)**	(50)	**–**	–
Unrealised gain on foreign exchange		**(252)**	(22)	**–**	–
Unwinding discount on amount due from subsidiaries		**–**	–	**–**	(93)
Operating profit before working capital changes		**9,439**	8,097	**2,131**	5,456
Changes in working capital:-					
Right of return assets		**(46)**	(99)	**–**	–
Contract liabilities and refund liabilities		**(1,106)**	(1,789)	**–**	–
Inventories		**(5,003)**	(6,703)	**–**	–
Receivables		**(1,957)**	1,523	**–**	–
Payables		**2,095**	684	**73**	(6)
Cash generated from operations		**3,422**	1,713	**2,204**	5,450
Tax refunded		**761**	–	**–**	–
Tax paid		**(1,567)**	(1,642)	**(24)**	–
Net cash from operating activities		**2,616**	71	**2,180**	5,450

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
INVESTING ACTIVITIES					
Advances to subsidiaries		**–**	–	**(1,690)**	(6,741)
Finance income received		**244**	257	**–**	–
Proceeds from disposal of property, plant and equipment		**1,596**	1,209	**–**	–
Purchase of property, plant and equipment	A	**(2,966)**	(2,141)	**(8)**	(2)
Net cash used in investing activities		**(1,126)**	(675)	**(1,698)**	(6,743)
FINANCING ACTIVITIES					
(Repayment from)/Advances to subsidiaries		**–**	–	**(543)**	3,026
Dividend paid		**–**	(1,543)	**–**	(1,543)
Drawdown of borrowings					
- Bankers' acceptances and bill payables		**86,112**	78,451	**–**	–
- Revolving credits		**1,000**	1,000	**–**	–
- Trust receipts		**45**	40	**–**	–
Repayments of borrowings					
- Bankers' acceptances and bill payables		**(80,645)**	(77,459)	**–**	–
- Trust receipts		**(40)**	(64)	**–**	–
Repayment of term loans		**(6,061)**	(4,393)	**–**	–
Repayment of lease liabilities		**(260)**	(914)	**–**	–
Finance cost paid		**(2,155)**	(1,754)	**–**	–
Net cash used in financing activities		**(2,004)**	(6,636)	**(543)**	1,483
CASH AND CASH EQUIVALENTS					
Net changes		**(514)**	(7,240)	**(61)**	190
Effect of exchange translation differences on cash and cash equivalents		**41**	(33)	**–**	–
Brought forward		**49,419**	56,692	**425**	235
Carried forward	B	**48,946**	49,419	**364**	425

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total purchases	**3,534**	2,141	**8**	2
Finance by lease agreement	**(568)**	–	**–**	–
Cash purchases	**2,966**	2,141	**8**	2

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bank overdrafts (Note 18)	**(2,261)**	(2,172)	**–**	–
Short-term deposits with licensed banks (Note 15)	**12,366**	13,619	**–**	–
Cash and bank balances	**38,841**	37,972	**364**	425
	48,946	49,419	**364**	425

C. CASH OUTFLOW FOR LEASE AS A LESSEE

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Included in net cash from operating activities:				
Payment relating to short-term leases	**1,432**	1,399	**60**	60
Included in net cash used in financing activities:				
Payment of lease liabilities	**260**	914	**–**	–
Interest paid in relation to lease liabilities	**4**	67	**–**	–
	1,696	2,380	**60**	60

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

1. GENERAL INFORMATION

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

The registered and corporate office and principal place of business of the Company are located at 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 3 April 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

2.4 Malaysian Financial Reporting Standards ("MFRSs")

2.4.1 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the Financial Statements to all years presented in these financial statements.

At the beginning of current financial year, the Group and the Company adopted new standards/ amendments/improvements to MFRSs which are mandatory for the financial year beginning on or after 1 January 2022.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

MFRS and Amendments to MFRS effective 1 January 2023:

MFRS 17* and amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112	Income taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendment to MFRS effective 1 January 2024:

Amendments to MFRS 16*	Leases – Lease Liability in a Sale Leaseback
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities with Covenants

Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Group's and the Company's operations

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements.

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made.

Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Climate-related matters

The long-term consequences of climate changes on financial statements are difficult to predict and require entities to make significant assumptions and develop estimates. Assumptions used by the Group are subject to uncertainties relating to regulatory changes, new environmental commitments made by the Group to meet its sustainability goals including increasing the use of renewable energy sources and raw materials, reducing non-recyclable solid wastes to the landfills etc. Due to these uncertainties, the figures reported in the Group's future financial statements could differ from the estimates established at the time these financial statements were approved.

Useful lives of depreciable assets

Assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the assets to be within 2 to 89 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 31 December 2022, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment and investment properties at the end of the reporting year is disclosed in Notes 4 and 5 to the Financial Statements.

Amortisation of intangible assets

The useful lives of intangible assets are estimated to be indefinite. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The carrying amount of the Group's intangible assets at the end of the reporting year is disclosed in Note 8 and Note 9 to the Financial Statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The management reviews inventories to identify damaged, obsolete and slow moving inventories which require judgement and changes in such estimates could result in revision to the revaluation of inventories.

The carrying amount of the Group's inventories at the end of the reporting year is disclosed in Note 6 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 12 and 30 to the Financial Statements.

Estimating variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sales equipment with rights of return and volume rebates.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebate entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The information about the returns and volume rebates of the Group are disclosed in Notes 11 and 23 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risks and the appropriate adjustments to asset-specific risk factors.

The information about the impairment of non-financial assets are disclosed in the Notes 7, 8 and 9 to Financial Statements.

Income taxes and deferred tax assets

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

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

The information about the income tax and deferred tax are disclosed in the Notes 10 and 25 to the Financial Statements.

2.6.2 Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgements (cont'd)

The following are significant management judgement in applying the accounting policies of the Group that have the most significant effect on the financial statements (cont'd).

<u>Classification between investment properties and owner-occupied properties (cont'd)</u>

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under finance lease), the Group accounts for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

<u>Determining method to estimate variable consideration and assessing the constraint</u>

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of edible products with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the edible products with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

<u>Determining the lease term of contracts with renewal options</u>

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company have applied the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Investments

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company is exposed, 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. Besides, the Company 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.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting year.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3.1.3 Business combinations and goodwill on consolidation

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Investments (cont'd)

3.1.3 Business combinations and goodwill on consolidation (cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill on consolidation is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill on consolidation is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill on consolidation acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill on consolidation forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill on consolidation disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translation and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such costs as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives or over the term of the lease, if shorter.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Leasehold land and buildings	2% to 10%
Long term leasehold land and buildings	Over the lease period of 57 to 89 years
Equipment tools, plant and machinery	6.7% to 20%
Motor vehicles	10% to 20%
Furniture, fittings, office equipment and renovations	2% to 50%

Capital work-in-progress consists of building and plant and machineries under construction/installation for intended use as production facilities. Assets under construction/installation are not depreciated until they are completed and ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which asset is derecognised.

3.4 Investment properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are treated as long term investments and are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are stated at cost less accumulated amortisation. Amortisation is recognised on the straight line method in order to write off the cost of each investment property over its estimated useful life. Freehold land is not amortised.

The principal annual depreciation rates used are as follows:-

Leasehold buildings	Over the lease period of 86 years or 2% whichever is lower
Freehold buildings	2% to 10%

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal.

Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Investment properties are written down to recoverable amount if, there is objective evidence that, it is less than their carrying value. Recoverable amount is the net selling price of the properties i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

3.5 Inventories

Inventories comprising of land held for development, raw materials, work-in-progress, goods in transit and finished goods.

Inventories are stated at the lower of cost and net realisable value. Where necessary, allowance is made for deteriorated, obsolete and slow-moving inventories. Costs include all expenses incurred in bringing the inventories to their present location and condition. Costs of work-in-progress and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Inventories (cont'd)

Cost of inventories for building materials and bedding products are determined using first-in-first-out method. Cost of inventories for consumer trading goods and foodstuffs products are determined using weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

3.5.1 Land held for development and development costs

Land held for development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on the lands. Accordingly, the land held for development is classified as non-current asset on the statement of financial position and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle are included in development costs. Development costs comprises all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

3.6 Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

Trademark relates to the use of the "Miyachi" brands for the Group's consumer foods business. License consists of the brand name of "Kingkoil". The resulting lives of the trademark and license are estimated to be indefinite based on the current market share of the brands. Management believes there is no foreseeable limit to the period over which the trademark and license are expected to generate cash flows for the Group.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.1 Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

<u>Financial assets at amortised cost</u>

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

At the reporting date, the Group and the Company carry only financial assets at amortised cost on its statements of financial position, which include trade and other receivables and deposits, amounts due from subsidiaries and cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.1 Initial recognition and measurement (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

3.7.2 Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.2 Impairment (cont'd)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

3.7.3 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

<u>Financial liabilities at amortised cost</u>

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on its statements of financial position, which include trade and other payables, amount due to subsidiaries and bank borrowings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.3 Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

3.7.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Goodwill is tested for impairment annually as at the end of each reporting year, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future years.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting year, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances, short-term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents are restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

3.10 Equity and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current year's accumulated losses and prior years' retained profits.

All transactions with owners of the Company are recorded separately within equity.

3.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases (cont'd)

Right-of-use assets (cont'd)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land and buildings	Over the lease period of 57 to 89 years
Forklifts	5 years
Motor vehicles	3 years to 5 years

The right-of-use assets are also subject to impairment as detailed in Note 3.8 to the Financial Statements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term lease. It also applies the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term leases and lease of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.12 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.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 Revenue recognition

The Group is in the business of manufacturing, trading and distribution of building materials, bedding products and edible products. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are disclosed in Note 2.6 to the Financial Statements.

3.14.1 Sales of goods

Revenue from sale of goods recognised at the point in time when control of the asset are transferred to the customer, generally on delivery of the goods. The normal credit term is 14 to 120 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

<u>Variable consideration</u>

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

3.14.1 Sales of goods (cont'd)

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.14.2 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.7 to the Financial Statements.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

3.14.3 Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting date/year. Refer to above accounting policy on variable consideration.

3.14.4 Finance income

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount. Being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

3.14.5 Management fee

Management fee is recognised when services are rendered.

3.14.6 Dividend income

Dividend income from investments is recognised when the right to receive the dividend has been established.

3.14.7 Rental income

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Employees benefits

3.15.1 Short-term employees benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.15.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employees services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.15.3 Employees leave entitlement

Employees entitlements to annual leave are recognised as liabilities when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

3.16 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.16.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax expenses (cont'd)

3.16.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowances being tax incentives that are not a tax base of an asset, are recognised as deferred tax assets to the extent that it is probable that future taxable profits will be available against the unutilised tax incentives can be utilised.

3.17 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:-

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group in an arm's length transaction. These transfers are eliminated on consolidation.

3.19 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.20 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM'000 (Note 4(b))	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital-work-in progress RM'000	Right-of-use assets RM'000 (Note 4(c))	Total RM'000
Cost							
At 1 January 2021	84,124	93,394	9,964	27,289	616	8,630	224,017
Additions	–	992	122	957	70	–	2,141
Disposals	–	(1,309)	–	(18)	–	–	(1,327)
Lease modification	–	–	–	–	–	(3,574)	(3,574)
Reclassifications	–	355	–	–	(355)	–	–
Written off	–	(21)	–	(167)	–	–	(188)
At 31 December 2021	84,124	93,411	10,086	28,061	331	5,056	221,069
Additions	**–**	**901**	**158**	**1,130**	**625**	**720**	**3,534**
Disposals	**–**	**(2,605)**	**(1,129)**	**(25)**	**–**	**(96)**	**(3,855)**
Reclassifications	**–**	**43**	**–**	**28**	**(71)**	**–**	**–**
Written off	**–**	**(1,057)**	**–**	**(381)**	**–**	**–**	**(1,438)**
At 31 December 2022	**84,124**	**90,693**	**9,115**	**28,813**	**885**	**5,680**	**219,310**
Accumulated depreciation							
At 1 January 2021	24,838	69,434	7,446	17,344	–	2,207	121,269
Charge for the financial year	1,113	3,896	737	1,634	–	881	8,261
Disposals	–	(58)	–	(12)	–	–	(70)
Lease modification	–	–	–	–	–	(1,191)	(1,191)
Written off	–	(19)	–	(155)	–	–	(174)
At 31 December 2021	25,951	73,253	8,183	18,811	–	1,897	128,095
Charge for the financial year	**1,113**	**3,641**	**690**	**1,461**	**–**	**339**	**7,244**
Disposals	**–**	**(832)**	**(1,129)**	**(5)**	**–**	**(96)**	**(2,062)**
Written off	**–**	**(525)**	**–**	**(152)**	**–**	**–**	**(677)**
At 31 December 2022	**27,064**	**75,537**	**7,744**	**20,115**	**–**	**2,140**	**132,600**
Accumulated impairment							
At 1January 2021/ 31 December 2021	–	–	–	224	–	–	224
Written off	**–**	**–**	**–**	**(224)**	**–**	**–**	**(224)**
At 31 December 2022	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net carrying amount							
At 31 December 2022	**57,060**	**15,156**	**1,371**	**8,698**	**885**	**3,540**	**86,710**
At 31 December 2021	58,173	20,158	1,903	9,026	331	3,159	92,750

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

Company	Motor vehicles RM'000	Furniture, fittings and others RM'000	Total RM'000
Cost			
At 1 January 2021	417	545	962
Addition	–	2	2
At 31 December 2021	417	547	964
Addition	**–**	**8**	**8**
At 31 December 2022	**417**	**555**	**972**
Accumulated depreciation			
At 1 January 2021	295	541	836
Charge for the financial year	50	–	50
At 31 December 2021	345	541	886
Charge for the financial year	**46**	**–**	**46**
At 31 December 2022	**391**	**541**	**932**
Net carrying amount			
At 31 December 2022	**26**	**14**	**40**
At 31 December 2021	72	6	78

(a) Assets pledged as securities to financial institutions

The net carrying amount of assets pledged as securities for bank borrowings granted are:-

Group	2022 RM'000	2021 RM'000
- Land and buildings	**43,970**	44,755
- Plant and machinery	**2,228**	2,865

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

(b) Land and buildings

Group	Freehold land and buildings RM'000 (Note 4(b)(i))	Long-term leasehold buildings RM'000	Total RM'000
Cost			
At 1 January 2021/31 December 2021/ 31 December 2022	**73,271**	**10,853**	**84,124**
Accumulated depreciation			
At 1 January 2021	19,888	4,950	24,838
Charge for the financial year	906	207	1,113
At 31 December 2021	20,794	5,157	25,951
Charge for the financial year	**906**	**207**	**1,113**
At 31 December 2022	**21,700**	**5,364**	**27,064**
Net carrying amount			
At 31 December 2022	**51,571**	**5,489**	**57,060**
At 31 December 2021	52,477	5,696	58,173

(i) Freehold land and buildings

The Directors of the Group and of the Company are of the opinion that it would not be possible to segregate the costs of the freehold land and buildings separately as they were acquired in a lump sum amount.

During the financial year ended 31 December 1998, the Directors revalued certain subsidiaries' freehold and leasehold land and buildings based on open market value basis. They were revalued by an independent professional valuer.

The above freehold and leasehold land and buildings of the subsidiaries have not been revalued ever since. The subsidiaries did not adopt a policy of regular revaluation as required by MFRS 116, Property, Plant and Equipment and were applying the transitional provision for assets revalued before the coming into force of the respective standard. This is the deemed cost of the properties.

Had these assets been carried at original cost less accumulated depreciation, the net carrying amount of the subsidiaries' revalued freehold and leasehold land and buildings are RM11,764,046 (2021: RM12,040,116).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

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

(c) Right-of-use assets

As lessee

The Group has lease contracts with lease terms of 2 to 89 years for leasehold land and buildings, motor vehicles and forklifts used for its operations purposes.

The Group also has certain leases of premises with lease terms of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are carrying amounts of right-of-use assets recognised and the movements during the financial year:-

Group	Leasehold land and buildings RM'000	Motor vehicles RM'000	Forklifts RM'000	Total RM'000
Cost				
At 1 January 2021	7,403	1,003	224	8,630
Lease modification	(3,574)	–	–	(3,574)
At 31 December 2021	3,829	1,003	224	5,056
Addition	**–**	**720**	**–**	**720**
Disposal	**–**	**(96)**	**–**	**(96)**
At 31 December 2022	**3,829**	**1,627**	**224**	**5,680**
Accumulated amortisation				
At 1 January 2021	1,440	597	170	2,207
Charge for the financial year	712	124	45	881
Lease modification	(1,191)	–	–	(1,191)
At 31 December 2021	961	721	215	1,897
Charge for the financial year	**162**	**168**	**9**	**339**
Disposal	**–**	**(96)**	**–**	**(96)**
At 31 December 2022	**1,123**	**793**	**224**	**2,140**
Net carrying amount				
At 31 December 2022	**2,706**	**834**	**–**	**3,540**
At 31 December 2021	2,868	282	9	3,159

The following are the amounts relating to right-of-use assets recognised in profit or loss:-

Group	2022 RM'000	2021 RM'000
Depreciation expense of right-of-use assets	**339**	881
Expenses relating to short-term leases	**1,432**	1,399
Gain on disposal of right-of-use assets	**(25)**	–

5. INVESTMENT PROPERTIES

Group	Freehold buildings RM'000 (Note 5(a))	Leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 January 2021	1,736	14,770	16,506
Foreign exchange translation effect	–	69	69
At 31 December 2021	1,736	14,839	16,575
Foreign exchange translation effect	**–**	**284**	**284**
At 31 December 2022	**1,736**	**15,123**	**16,859**
Accumulated amortisation			
At 1 January 2021	107	4,285	4,392
Charge for the financial year	35	489	524
Foreign exchange translation effect	–	9	9
At 31 December 2021	142	4,783	4,925
Charge for the financial year	**35**	**492**	**527**
Foreign exchange translation effect	**–**	**45**	**45**
At 31 December 2022	**177**	**5,320**	**5,497**
Accumulated impairment			
At 1 January 2021	–	346	346
Foreign exchange translation effect	–	7	7
At 31 December 2021	–	353	353
Foreign exchange translation effect	**–**	**20**	**20**
At 31 December 2022	**–**	**373**	**373**
Net carrying amount			
At 31 December 2022	**1,559**	**9,430**	**10,989**
At 31 December 2021	1,594	9,703	11,297
Market value based on similar properties at proximity area:-			
At 31 December 2022	**2,609**	**14,390**	**16,999**
At 31 December 2021	2,120	15,984	18,104

The market value at the reporting date was obtained from observable market information, determined by reference to the selling price reported in the actual sales transactions of the similar land and buildings within reasonable period, adjusted with the latest market condition of the property market of the respective area. No independent valuation by professional valuer has been performed on these investment properties.

5. INVESTMENT PROPERTIES (CONT'D)

(a) Freehold land and buildings

Freehold land and buildings of a subsidiary with net carrying amount of RM770,795 (2021: RM802,422) were revalued by an independent professional valuer on 3 February 1997 by using the open market value basis and had been incorporated in the financial statements in the financial year 1997. The properties have not been revalued since 1997. The subsidiary did not adopt policy of regular revaluation as required by MFRS 140 Investment Property and was applying the transitional provision for assets revalued before the coming into force of the accounting standard. It is the deemed cost of the investment properties.

Had the freehold land and buildings been carried at original historical cost less accumulated amortisation, the net carrying amount of the revalued freehold land and buildings of the Group at the end of the reporting year is RM836,194 (2021: RM859,378).

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

Group	2022 RM'000	2021 RM'000
Amortisation expense of investment properties	**527**	524
Direct operating expenses of:-		
- income generating investment properties	**52**	90
- non-income generating investment properties	**2**	2
Rental income	**(287)**	(278)

6. INVENTORIES

Group	2022 RM'000	2021 RM'000
Non-current asset		
Land held for development	**58,612**	58,612
Current assets		
Raw materials	**14,331**	12,917
Work-in-progress	**1,256**	997
Finished goods	**18,459**	15,195
	34,046	29,109
	92,658	87,721

	2022 RM'000	2021 RM'000
Recognised in profit or loss (included in Cost of Sales):-		
Inventories recognised as Cost of Sales	**207,507**	199,939
Inventories written off	**43**	91
Provision of slow moving inventories	**1,384**	1,467
Reversal of provision on slow moving inventories	**(1,361)**	(485)

The land held for development is pledged to a licensed bank as securities for bank facilities granted to the Group as disclosed in Note 18 to the Financial Statements.

7. INVESTMENT IN SUBSIDIARIES

Company	2022 RM'000	2021 RM'000
Unquoted shares, at cost	**140,171**	140,171
Less: Accumulated impairment losses recognised in profit or loss as at 1 January/ 31 December	**(8,364)**	(8,364)
	131,807	131,807

Details of the subsidiaries, which are all incorporated and operating in Malaysia, except for First Knight (Singapore) Pte. Ltd. and Acrowyn Singapore Pte. Ltd. which are incorporated and operating in Singapore, are as follows:-

Name of companies	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Kaiserkorp Sdn. Bhd. *	**100**	100	Investment holding company
Agrow Malaysia Sdn. Bhd.	**100**	100	Investment holding company
Ibufood Corporation Sdn. Bhd.	**100**	100	Investment holding company
Enigma Sinar Sdn. Bhd. *	**80**	80	Property development
Subsidiaries of Kaiserkorp Sdn. Bhd.			
T N Metal Industries (M) Sdn. Bhd. *	**100**	100	Property holding
Kingkoil Bedding (Malaysia) Sdn. Bhd. *	**100**	100	Manufacturing of bedding products and property holding
Kaiserkoil Incorporated (M) Sdn. Bhd. *	**100**	100	Property holding
Dreambed (Malaysia) Sdn. Bhd. *	**100**	100	Property holding
Bedco Sistem (M) Sdn. Bhd. *	**100**	100	Manufacturing of spring mattress, headboards and divans
Kingkoil Corporation (M) Sdn. Bhd. *	**100**	100	Granting its products trademark and know-how to its licensee
Acrowyn (M) Sdn. Bhd. *	**100**	100	Dormant
Ultima Beddington Sdn. Bhd. *	**100**	51	Dormant
First Knight (Singapore) Pte. Ltd.*	**100**	100	Property holding

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7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, which are all incorporated and operating in Malaysia, except for First Knight (Singapore) Pte. Ltd. and Acrowyn Singapore Pte. Ltd. which are incorporated and operating in Singapore, are as follows (cont'd):-

Name of companies	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Subsidiaries of Agrow Malaysia Sdn. Bhd.			
Pure-Ecology (M) Sdn. Bhd.	**100**	100	Investment in properties
Keenwai Enterprises (M) Sdn. Bhd.	**100**	100	Investment holding
Agrow Corporation Sdn. Bhd.	**100**	100	Buying, selling, fabricating spare parts and equipment
Agrow Healthtech Sdn. Bhd.	**100**	–	Dealing in buying, selling medical and hospital equipment suppliers
AG Textronic Sdn. Bhd.	**100**	100	Dormant
Acrowyn Singapore Pte. Ltd. *	**100**	100	Dormant
Subsidiary of Agrow Corporation Sdn. Bhd.			
Agrow Healthtech Sdn. Bhd.	**–**	100	Dealing in buying, selling medical and hospital equipment suppliers
Subsidiaries of Ibufood Corporation Sdn. Bhd.			
Ibufood Manufacturing (M) Sdn. Bhd.	**100**	100	Investment holding
Spices & Seasonings Specialities Sdn. Bhd.	**100**	100	Manufacturing of instant noodles, spices, food seasonings, sauces and other edible products
Ecoway (Malaysia) Sdn. Bhd.	**100**	100	Dormant
Biz-Allianz International (M) Sdn. Bhd.	**100**	100	Trading and distribution of consumer products
Selera Citarasa Sdn. Bhd. *	**100**	100	Dormant
Biz-Markas Sdn. Bhd.	**100**	100	Dormant

* Subsidiaries not audited by Grant Thornton Malaysia PLT

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries

(i) On 16 March 2022, Agrow Malaysia Sdn. Bhd. ("AMSB"), a subsidiary of the Company acquired 500,000 ordinary shares of Agrow Healthtech Sdn. Bhd. ("AHSB") from its wholly-owned subsidiary company, Agrow Corporation Sdn. Bhd. ("ACSB") at a total cash consideration of RM25,000. Subsequent to the acquisition, AHSB became a wholly-owned subsidiary of AMSB. This internal restructuring has not result to any change at the Group level.

(ii) On 28 July 2022, Kaiserkorp Sdn. Bhd. ("KSB"), a subsidiary of the Company subscribed an additional 49 ordinary shares in Ultima Beddington Sdn. Bhd. ("UBSB") for a total cash consideration of RM49. Subsequently, UBSB became an indirect wholly-owned subsidiary of the Company.

(b) Non-controlling interests in subsidiaries

There are two subsidiaries of the Group that have non-controlling interests, namely Enigma Sinar Sdn. Bhd. ("ESSB") and Ultima Beddington Sdn. Bhd. ("UBSB"). Information of the Group's subsidiaries that have non-controlling interests ("NCI") are as follows:-

	ESSB	**Total**
2022		
Percentage of ownership interest and voting right	**20%**	
Carrying amount of NCI (RM'000)	**(61)**	**(61)**
Net loss allocated to NCI (RM'000)	**(159)**	**(159)**

	ESSB	**UBSB**	**Total**
2021			
Percentage of ownership interest and voting right	20%	49%	
Carrying amount of NCI (RM'000)	98	(136)	(38)
Net loss allocated to NCI (RM'000)	(110)	(81)	(191)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below:

	2022 ESSB RM'000
Summary of financial position as at 31 December	
Non-current assets	**58,612**
Current assets	**2,922**
Non-current liabilities	**(42,156)**
Current liabilities	**(19,679)**
Net liabilities	**(301)**
Included in the net total comprehensive loss is:	
Revenue	**–**
Summary of financial performance for the financial year ended 31 December	
Net loss for the year	**(790)**
Total comprehensive loss	**(790)**

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7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interest in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below (cont'd):

	2022 ESSB RM'000
Summary of cash flows for the financial year ended 31 December	
Cash flows used in operating activities	**(544)**
Cash flows used in investing activities	**(52,893)**
Cash flows from financing activities	**57,306**
Net cash and cash equivalents	**3,869**

	2021 ESSB RM'000	2021 UBSB RM'000
Summary of financial position as at 31 December		
Non-current assets	58,612	17
Current assets	4,387	64
Non-current liabilities	(44,531)	(42)
Current liabilities	(17,978)	(316)
Net assets/(liabilities)	490	(277)
Included in the net total comprehensive loss is:		
Revenue	–	–
Summary of financial performance for the financial year ended 31 December		
Net loss for the year	(549)	(167)
Total comprehensive loss	(549)	(167)
Summary of cash flows for the financial year ended 31 December		
Cash flows (used in)/from operating activities	(544)	465
Cash flows used in investing activities	(52,893)	–
Cash flows from/(used in) financing activities	57,306	(465)
Net cash and cash equivalents	3,869	–

8. GOODWILL ON CONSOLIDATION

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

Group	Building materials RM'000	Cash-generating unit ("CGU") Bedding products RM'000	Consumer foods RM'000	Total RM'000
2022 and 2021				
At 1 January	1,099	21,054	38,186	60,339
Less: Accumulated impairment losses	(1,099)	(21,054)	(22,075)	(44,228)
At 31 December	–	–	16,111	16,111

The impairment losses are recognised based on impairment testing performed on the goodwill which was supported by decrease of future economic benefits attached to the goodwill resulted from tensed industry competitions.

Impairment testing for CGU containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purpose.

As at the end of financial year ended 31 December 2022, the Management has carried out an annual impairment assessment on consumer foods CGU.

The recoverable amount of the CGU amounted to RM 66,104,000 has been determined based on the value in use calculated from discounting the future cash flows projections generated from the continuing use of the CGU, which is based on the financial budgets approved by the management covering a five-years period.

The key assumptions represent management's assessment of future trends in the consumer foods industries and are based on both external sources and internal sources (historical data). Key assumptions made in determining the value-in-use are as follows:-

- Revenue was projected at anticipated a constant annual revenue growth 5% (2021: approximately 1.0%) per annum;
- Expenses were projected at annual increase of approximately 5% (2021: 5%) per annum.
- a pre-tax discount rate of 6.7% (2021: 6.6%) was applied in determining the recoverable amount of the unit; and
- The size of operation will remain at least or not lower than the current results.

With regards to the assessments of value-in-use of this CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

9. OTHER INTANGIBLE ASSETS

Group	Trademark RM'000	Licenses RM'000	Total RM'000
Cost			
At 1 January 2021/31 December 2021/ 31 December 2022	**2,030**	**12,367**	**14,397**
Accumulated impairment			
At 1 January 2021	2,000	1,946	3,946
Recognised in profit or loss during the year under Other Expenses	–	10,421	10,421
31 December 2021/31 December 2022	**2,000**	**12,367**	**14,367**
Net carrying amount			
At 31 December 2021/31 December 2022	**30**	**–**	**30**

Trademark

Trademark with the carrying amount of RM30,000 relates to the use of the "Miyachi" for the Group's consumer foods business. The useful life of the trademark is estimated to be indefinite because based on the current market share of the trademark, Directors believe that there is no foreseeable limit to the period over which trademark are expected to generate net cash inflows for the Group. Based on Directors' rule of thumb and the sale volume of the products, Directors have concluded that no impairment indicator is identified on the trademark.

Trademark with the carrying amount of RM2,000,000 related to the use of the "First Knight" for the Group's bedding products business has been fully impaired in prior years lead by impairment testing performed on the intangible asset which was supported by decrease of future economic benefits attached to the trademark resulted from tensed industry competitions.

License

License consists of "Kingkoil" is relating to the use of the bedding products and is estimated to have indefinite useful life. During the financial year ended 31 December 2021, impairment loss amounted to RM10,421,000 was recognised in the financial statements resulted from the impairment testing of the bedding products business.

For the purpose of impairment testing, the intangible asset has been allocated to the CGU of bedding products business. The recoverable amounts of the CGU amounted to RM56,790,000 have been determined based on the value in use calculations derived from discounting the future cash flows projections generated from the continuing use of the CGU, which is based on the financial budgets approved by management covering a five-year period.

The key assumptions represent management's assessment of future trends in the bedding products industry and are based on both external sources and internal sources (historical data). Key assumptions made in determining the value-in-use are as follows:-

- Revenue was projected at anticipated annual revenue growth of approximately 2% per annum;
- A pre-tax discount rate of 7.2% was applied in determining the recoverable amount of the unit; and
- The size of operation will remain at least or not lower than the current results.

With regards to the assessments of value-in-use of this CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which are not ascertainable.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Group	2022 RM'000	2021 RM'000
Deferred tax assets		
At 1 January	**852**	1,112
Transferred from profit or loss (Note 25)	**277**	(240)
Under/(Over) provision in prior year (Note 25)	**163**	(20)
At 31 December	**1,292**	852
Deferred tax liabilities		
At 1 January	**3,449**	4,043
Transferred to profit or loss (Note 25)	**(148)**	(594)
Underprovision in prior year (Note 25)	**218**	–
At 31 December	**3,519**	3,449
	(2,227)	(2,597)

The deferred tax assets/(liabilities) at the end of the reporting date are made up of temporary differences arising from:-

Group	1 January RM'000	Recognised in profit or loss RM'000	31 December RM'000
2022			
Deferred tax assets			
Unutilised tax allowances and provisions	**3,715**	**486**	**4,201**
Deferred tax liabilities			
Accelerated capital allowance	**(5,325)**	**(144)**	**(5,469)**
Revaluation of land and buildings	**(987)**	**28**	**(959)**
	(2,597)	**370**	**(2,227)**
2021			
Deferred tax assets			
Unutilised tax allowances and provisions	3,236	479	3,715
Deferred tax liabilities			
Accelerated capital allowance	(5,151)	(174)	(5,325)
Revaluation of land and buildings	(1,016)	29	(987)
	(2,931)	334	(2,597)

Company	1 January RM'000	Recognised in profit or loss RM'000	31 December RM'000
2022			
Deferred tax liabilities			
Accelerated capital allowance	**–**	**4**	**4**

There is no deferred tax liability recognised in 2021.

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

Deferred tax assets have not been recognised in respect of the following items as they may not have sufficient future taxable profits to be used to offset or they arose from the subsidiaries that have a recent history of losses.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unabsorbed tax losses	**13,791**	13,241	**–**	509
Unutilised capital allowances	**2,372**	2,378	**–**	–
Others	**1,688**	757	**–**	(23)
	17,851	16,376	**–**	486

The unused tax losses, unabsorbed capital allowances, unabsorbed investment tax allowances and other deductible temporary differences of Group are available for offsetting against future taxable profits of the Group, subject to no substantial changes in shareholders of those entities under the Income Tax Act 1967 and relevant provisions of Income Tax Act 1967. Any unused tax losses from Year of Assessment 2018 onwards can be carried forward for a maximum of 10 years. Upon the expiry date the unused tax losses will be disregarded.

The expiry of the unrecognised unabsorbed tax losses are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Year of assessment 2028	**8,935**	9,010	**–**	–
Year of assessment 2029	**508**	508	**–**	3
Year of assessment 2030	**3,244**	3,244	**–**	506
Year of assessment 2031	**479**	479	**–**	–
Year of assessment 2032	**625**	–	**–**	–
	13,791	13,241	**–**	509

11. RIGHT OF RETURN ASSETS AND REFUND LIABILITIES

Group	2022 RM'000	2021 RM'000
Right of return assets:-		
- Bedding products	**191**	202
- Consumer foods	**113**	56
	304	258
Refund liabilities:-		
- Bedding products	**238**	252
- Consumer products	**124**	63
	362	315

12. TRADE RECEIVABLES

Group	2022 RM'000	2021 RM'000
Trade receivables	**42,778**	41,792
Less: Impairment losses	**(5,310)**	(5,169)
At 31 December	**37,468**	36,623

Trade receivables are non-interest bearing and the normal credit terms are generally ranging from 14 to 120 (2021: 14 to 120) days.

The movements of the impairment losses of trade receivables during the year are as follow:

Group	2022 RM'000	2021 RM'000
At 1 January	**5,169**	5,109
Recognised during the year	**2,599**	1,827
Reversed during the year	**(1,310)**	(1,767)
Written off during the year	**(1,148)**	–
At 31 December	**5,310**	5,169

The impairment loss on trade receivables was reversed during the financial year as a result of subsequent receipts and written off of the amount.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sundry receivables	**89**	152	**–**	–
Goods and services tax receivable	**6**	6	**–**	–
Deposits	**647**	656	**3**	3
Prepayments	**3,525**	3,656	**–**	–
Less: Impairment losses	**(896)**	(1,029)	**–**	–
Net prepayment	**2,629**	2,627	**–**	–
	3,371	3,441	**3**	3

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13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The movements of the impairment loss of prepayments during the financial year are as follow:

Group	2022 RM'000	2021 RM'000
At 1 January	**1,029**	1,079
Reversed during the year	**(133)**	(50)
At 31 December	**896**	1,029

The impairment loss on other receivables was reversed during the financial year as a result of subsequent receipts of the amount.

Included in deposits of the Group was RM146,000 (2021: Nil) paid in relation to the acquisition of an office as detailed in Note 31 to the Financial Statements.

14. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Company	2022 RM'000	2021 RM'000
Amount due from subsidiaries	**18,454**	16,754
Less: Impairment Losses		
At 1 January	**(1,034)**	(1,034)
Recognised during the year	**(10)**	–
At 31 December	**(1,044)**	(1,034)
	17,410	15,720

Amount due from/(to) subsidiaries with non-interest bearing are unsecured and repayable on demand.

15. SHORT TERM DEPOSITS WITH LICENSED BANKS

Group

Short-term deposits are placed with licensed banks. The interest rates are ranging from 1.50% to 2.10% (2021: 1.50% to 2.10%) per annum with maturity dates of 1 to 12 months (2021: 1 to 12 months).

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16. SHARE CAPITAL

Group and Company	No. of ordinary shares 2022 Unit	2021 Unit	Amount 2022 RM'000	2021 RM'000
Issued and fully paid with no par value:-				
At 1 January/31 December	**102,850,000**	102,850,000	**103,105**	103,105

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

17. RESERVES

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-Distributable:				
Foreign currency translation reserve	**177**	136	**–**	–
Distributable:				
Retained earnings	**66,127**	69,872	**43,703**	41,671
	66,304	70,008	**43,703**	41,671

18. BANK BORROWINGS

Group	2022 RM'000	2021 RM'000
Current		
Secured		
Bank overdrafts	**2,261**	2,172
Term loans	**4,232**	6,071
Bankers' acceptances	**21,278**	16,349
Trust receipts	**45**	40
Bill payables	**2,300**	1,762
Revolving credits	**7,000**	6,000
	37,116	32,394
Non-current		
Secured		
Term loans	**46,829**	51,051
	83,945	83,445

Bank borrowings obtained from banks for financing of assets acquisition and working capital purposes. Bank borrowings bear interest rates ranging from 2.33% to 6.45% (2021: 1.70% to 5.50%) per annum.

18. BANK BORROWINGS (CONT'D)

Bank borrowings of the Group are secured by:-

(i) Corporate guarantee by the Company and subsidiaries;
(ii) Letter of negative pledge over the present and future floating assets of subsidiaries;
(iii) Trade financing general agreement;
(iv) Facilities agreement and first party first legal charge on certain properties of the subsidiaries;
(v) Specific debenture over plant and machineries financed by the banks;
(vi) Blanket counter indemnity;
(vii) Open all monies first party debenture by way of fixed and floating charges over the property of a subsidiary;
(viii) Open all monies facilities agreement by a subsidiary; and
(ix) Open all monies corporate guarantee by the Company.

19. LEASE LIABILITIES

Group	2022 RM'000	2021 RM'000
Current liabilities		
- less than 1 year	**269**	203
Non-current liabilities		
- more than 1 year but less than 2 years	**458**	199
- more than 2 years but less than 5 years	**274**	291
Total non-current liabilities	**732**	490
	1,001	693

The lease liabilities bear interest at rates ranging from 2.13% to 5.00% (2021: 2.13% to 5.00%) per annum.

Set out below is the movements of the lease liabilities during the financial year:-

Group	2022 RM'000	2021 RM'000
At 1 January	**693**	3,821
Additions	**568**	–
Accretion of interest	**4**	67
Lease modification	**–**	(2,214)
Payments	**(264)**	(981)
At 31 December	**1,001**	693

19. LEASE LIABILITIES (CONT'D)

The following are the amounts relating to lease liability recognised in profit or loss:-

	2022 RM'000	2021 RM'000
Interest expense on lease liabilities	**4**	67

The lease liabilities are secured by the related underlying asset.

The maturity analysis of lease liabilities is disclosed in Note 30.2 (b) to the Financial Statements.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in property, plant and equipment on the statements of financial position:

2022	Range of remaining term	Number of leases with extension options	Number of leases with variable payment linked to an index	Number of leases with termination options
Leasehold land and buildings	**38 - 64 years**	**–**	**–**	**–**
Motor vehicles	**5 years**	**–**	**–**	**–**
2021				
Leasehold land and buildings	39 - 65 years	–	–	–
Motor vehicles	1 - 3 years	–	–	–
Forklifts	1 year	–	–	–

20. TRADE PAYABLES

The normal trade credit terms granted by the trade payables range from 30 to 120 (2021: 30 to 120) days.

21. OTHER PAYABLES, ACCRUALS AND DEPOSIT RECEIVED

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sundry payables	**5,291**	6,999	**–**	–
Goods and services tax payable	**27**	27	**–**	–
Sales and services tax payable	**619**	608	**–**	–
Accruals of expenses	**7,993**	6,149	**442**	369
Deposits received	**23**	17	**–**	–
	13,953	13,800	**442**	369

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22. CONTRACT LIABILITIES

	Group	
	2022 RM'000	**2021 RM'000**
Advance deposits received from customers	**416**	1,614
Secured deposits received from customers	**2,687**	2,642
	3,103	4,256
At 1 January	**4,256**	6,163
Received during the year	**3,688**	4,272
Recognised as revenue during the year	**(4,841)**	(6,179)
At 31 December	**3,103**	4,256

The Group recorded contract liabilities which represent advance deposits received and secured deposits received from customers for the future sale of goods. The advance deposits collected are expected to be recognised as revenue over a period of 90 days.

23. REVENUE FROM CONTRACT WITH CUSTOMERS

23.1 Disaggregated revenue information

	Group		Company	
Segments	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Types of income				
- Sales of goods	**254,834**	238,800	**–**	–
- Management fees	**–**	–	**1,478**	978
- Dividend income	**–**	–	**2,678**	6,246
- Rental income	**70**	93	**–**	–
	254,904	238,893	**4,156**	7,224
Geographical markets				
- Malaysia	**186,029**	169,126	**4,156**	7,224
- Indonesia	**50,814**	54,460	**–**	–
- Republic of Singapore	**4,748**	4,896	**–**	–
- Brunei	**4,460**	3,493	**–**	–
- United States of America	**952**	893	**–**	–
- Others	**7,901**	6,025	**–**	–
	254,904	238,893	**4,156**	7,224

23. REVENUE FROM CONTRACT WITH CUSTOMERS (CONT'D)

23.2 Nature of the revenue from contract with customers

Revenue is recognised at a point in time when the performance obligation representing sales of consumer goods are satisfied upon delivery of goods to the customers generally with credit term of 14 to 120 (2021: 14 to 120) days.

The details of variable considerations of revenue recognition are as follow:-

(i) *Trade discounts*

Trade discounts are given to the customers when the customers purchase in high volumes.

(ii) *Trade rebates/incentives*

Trade rebates/incentive are given to certain customers when the customers purchased the targeted amount for a pre-determined period i.e. quarterly, biannually and annually.

(iii) *Right of goods returns*

The Group allows customers to return goods which are damaged and/or expired.

(iv) *Warranty*

There is no warranty given for the customers of the Group.

The remaining performance obligations which are represented by the amount of contract liabilities are expected to be recognised within a period of 90 days.

Revenue amounted to RM1,613,915 (2021: RM3,215,667) was recognised in relation to advance deposits received from customers under contract liabilities at the beginning of the year.

24. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Audit remunerations related to:				
Statutory audit:				
- auditors of the Company	**182**	173	**34**	34
- other auditors	**116**	99	**–**	–
Assurance-related services:				
- Grant Thornton Malaysia PLT	**43**	36	**43**	36
Other services:				
- Grant Thornton Malaysia PLT	**41**	26	**22**	7
Short term lease of premises	**1,432**	1,399	**60**	60
Realised loss on foreign exchange	**333**	240	**–**	–
Finance expenses	**2,155**	1,754	**–**	–
Finance income	**(244)**	(257)	**–**	(93)
Loss on disposal of property, plant and equipment	**197**	48	**–**	–
Unrealised gain on foreign exchange	**(252)**	(22)	**–**	–

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25. TAX EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current year:				
- Current tax	**2,209**	727	**63**	–
- Deferred tax (Note 10)	**(425)**	(354)	**4**	–
	1,784	373	**67**	–
(Over)/Under provision in prior year:				
- Current tax	**(73)**	5	**(24)**	–
- Deferred tax (Note 10)	**55**	20	**–**	–
	(18)	25	**(24)**	–
	1,766	398	**43**	–

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/profit before tax	**(2,002)**	(13,898)	2,075	5,499
Tax at 24%	**(480)**	(3,336)	**498**	1,320
Tax effects in respect of:-				
Expenses not deductible for tax purposes	**3,085**	6,228	**–**	81
Income not subject to tax	**(972)**	(2,062)	**(315)**	(1,521)
Tax allowances granted during the year	**(203)**	(686)	**–**	–
Movement of deferred tax assets not recognised	**354**	229	**(116)**	120
	1,784	373	**67**	–
(Over)/Under provision in prior year	**(18)**	25	**(24)**	–
Tax at effective tax rate	**1,766**	398	**43**	–

26. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated based on Group's net loss for the year attributable to owners of the Company of RM3,609,000 (2021: RM14,105,000) over the weighted average number of ordinary shares during the financial year of 102,850,000 (2021: 102,850,000).

There is no diluted earnings/(loss) per share during the financial year as the Company does not have any potential dilutive shares as at the end of the reporting year.

27. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other emoluments	**32,236**	31,107	**336**	426
Defined contribution plan	**2,758**	2,557	**67**	52
Social security contributions	**266**	266	**–**	–
Other benefits	**2,789**	2,185	**162**	162
	38,049	36,115	**565**	640

The remuneration receivable by Directors and other members of key management personnel of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors:-				
Salaries and other emoluments	**223**	204	**223**	204
Defined contribution plan	**26**	24	**26**	24
	249	228	**249**	228
Non-Executive Directors:-				
Salaries and other emoluments	**836**	564	**41**	65
Fees	**522**	418	**522**	418
	1,358	982	**563**	483
Key management personnels:-				
Salaries and other emoluments	**5,027**	4,635	**–**	–
Defined contribution plan	**376**	365	**–**	–
	5,403	5,000	**–**	–
Sub-total	**7,010**	6,210	**812**	711
Benefits in kind	**22**	26	**22**	26
Total	**7,032**	6,236	**834**	737

28. RELATED PARTY DISCLOSURES

A related party is a person or an entity that is related to the OCB Berhad and its subsidiaries as defined in MFRS 124 Related Party Disclosures. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is changed.

(a) Significant related party transactions during the financial year are as follows:-

	Company	
	2022	**2021**
	RM'000	**RM'000**
Dividend income received from subsidiaries	**2,678**	6,246
Management fees received from subsidiaries	**1,478**	978
Rental paid to a subsidiary	**60**	60

The Directors of the Company are of the opinion that the terms of the above transactions were entered on a negotiated basis between the companies.

(b) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group. The remuneration of key management personnel is disclosed in Note 27 to the Financial Statements.

(c) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 14 to the Financial Statements.

29. OPERATING SEGMENT

(a) Business segments

Management currently identifies the Group's manufacturing and trading activities as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

(i) Building materials : Trading in building materials

(ii) Bedding products : Manufacturing and trading of various types of bedding products

(iii) Consumer foods : Manufacturing and trading of various types of consumer foods

(iv) Property development : Development of properties and its related activities

(v) Others : Investment holding and property holding

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

29. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

	Note	Building materials RM'000	Bedding products RM'000	Consumer foods RM'000	Property development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
2022								
Revenue:-								
External revenue		30,594	67,062	157,248	–	–	–	254,904
Inter-segment revenue	(i)	89	–	–	–	4,156	(4,245)	–
		30,683	67,062	157,248	–	4,156	(4,245)	254,904
Results:-								
Finance income		5	–	201	38	–	–	244
Finance costs		(390)	(341)	(736)	(688)	–	–	(2,155)
Depreciation of property, plant and equipment		(399)	(2,442)	(4,356)	–	(47)	–	(7,244)
Amortisation of investment properties		(414)	(113)	–	–	–	–	(527)
Income tax expense		119	(2,193)	357	(10)	(39)	–	(1,766)
Other non-cash								
- income	(ii)	(368)	(1,721)	(752)	–	–	(215)	(3,056)
- expenses	(ii)	1,795	2,847	504	–	–	(331)	4,815
Segment profit/(loss)	(iii)	(4,126)	5,824	(1,659)	(130)	2,122	(2,122)	(91)
Assets:-								
Additions to non-current assets	(iv)	(258)	(1,204)	(2,065)	–	(7)	–	(3,534)
Segment assets	(v)	37,032	89,735	98,890	61,528	149,655	(135,499)	301,341
Liabilities:-								
Segment liabilities	(vi)	13,963	22,964	51,364	61,835	2,794	(20,927)	131,993

29. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

	Note	Building materials RM'000	Bedding products RM'000	Consumer foods RM'000	Property development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
2021								
Revenue:-								
External revenue		43,419	48,140	147,334	–	–	–	238,893
Inter-segment revenue	(i)	90	–	–	–	7,224	(7,314)	–
		43,509	48,140	147,334	–	7,224	(7,314)	238,893
Results:-								
Finance income		67	–	178	12	93	(93)	257
Finance costs		(368)	(463)	(677)	(246)	–	–	(1,754)
Depreciation of property, plant and equipment		(477)	(3,188)	(4,547)	–	(49)	–	(8,261)
Amortisation of investment properties		(414)	(110)	–	–	–	–	(524)
Income tax expense		3	(41)	(360)	–	–	–	(398)
Impairment loss on intangible asset		–	10,421	–	–	–	–	10,421
Other non-cash								
- income	(ii)	(707)	(1,100)	(517)	–	–	–	(2,324)
- expenses	(ii)	1,487	1,718	411	–	–	–	3,616
Segment profit/(loss)	(iii)	(2,268)	(10,270)	1,289	(315)	5,407	(6,244)	(12,401)
Assets:-								
Additions to non-current assets	(iv)	(577)	(359)	(1,203)	–	(2)	–	(2,141)
Segment assets	(v)	43,327	91,924	90,626	62,993	148,076	(134,351)	302,595
Liabilities:-								
Segment liabilities	(vi)	15,757	27,458	40,264	62,509	3,302	(19,770)	129,520

29. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

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

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Other non-cash (income)/expenses consist of the following items:-

	2022 RM'000	2021 RM'000
Income		
Reversal of impairment loss on other receivables	**(133)**	(50)
Reversal of impairment loss on trade receivables	**(1,310)**	(1,767)
Reversal of provision on slow moving inventories	**(1,361)**	(485)
Unrealised gain on foreign exchange	**(252)**	(22)
	(3,056)	(2,324)
Expenses		
Bad debts written off	**55**	–
Impairment loss on trade receivables	**2,599**	1,827
Inventories written off	**43**	91
Loss on disposal of property, plant and equipment	**197**	48
Loss on lease modification	**–**	169
Property, plant and equipment written off	**537**	14
Provision of slow-moving inventories	**1,384**	1,467
	4,815	3,616

(iii) The following items are added to/(deducted from) segment profit to arrive at "Net profit/loss for the financial year" presented in the consolidated statements of profit or loss and other comprehensive income:-

	2022 RM'000	2021 RM'000
Segment loss	**(91)**	(12,401)
Finance income	**244**	257
Finance costs	**(2,155)**	(1,754)
Tax expense	**(1,766)**	(398)
Net loss for the financial year	**(3,768)**	(14,296)

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29. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

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

(iv) Additions to non-current assets consist of:-

	2022 RM'000	2021 RM'000
Property, plant and equipment		
- cash purchase	**2,966**	2,141
- addition of right-of-use asset	**568**	–
	3,534	2,141

(v) The following items are adjusted from segments assets to arrive at total assets reported in the consolidated statements of financial position:-

	2022 RM'000	2021 RM'000
Investment in subsidiaries	**(115,698)**	(115,698)
Inter-segment balances	**(19,801)**	(18,653)
	(135,499)	(134,351)

(vi) The following item is adjusted from segments liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	2022 RM'000	2021 RM'000
Inter-segment balances	**(20,927)**	(19,770)

(b) Geographical information

The Group's revenue and non-current assets information based on geographical location are as follow:-

	Revenue		Non-current assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Geographical markets				
- Malaysia	**186,029**	169,126	**168,727**	175,214
- Republic of Singapore	**4,748**	4,896	**3,725**	3,586
- Indonesia	**50,814**	54,460	**–**	–
- Brunei	**4,460**	3,493	**–**	–
- United States of America	**952**	893	**–**	–
- Others	**7,901**	6,025	**–**	–
	254,904	238,893	**172,452**	178,800

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29. OPERATING SEGMENT (CONT'D)

(b) Geographical information (cont'd)

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

	2022 RM'000	2021 RM'000
Property, plant and equipment	**86,710**	92,750
Investment properties	**10,989**	11,297
Inventories	**58,612**	58,612
Goodwill on consolidation	**16,111**	16,111
Intangible assets	**30**	30
	172,452	178,800

30. FINANCIAL INSTRUMENTS

30.1 Categories of Financial Instruments

The table below provides an analysis of financial assets categorised as amortised cost ("AC") and financial liabilities categorised as other financial liabilities measured at amortised cost ("AC"):-

Group	2022 RM'000	2021 RM'000
Financial assets		
Trade receivables	**37,468**	36,623
Other receivables and deposits	**736**	808
Short term deposits with licensed banks	**12,366**	13,619
Cash and bank balances	**38,841**	37,972
	89,411	89,022
Financial liabilities		
Trade payables	**25,500**	23,562
Other payables	**13,307**	13,165
Bank borrowings	**83,945**	83,445
	122,752	120,172

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial assets categorised as amortised cost ("AC") and financial liabilities categorised as other financial liabilities measured at amortised cost ("AC") (cont'd):-

Company	2022 RM'000	2021 RM'000
Financial assets		
Other receivables and deposits	**3**	3
Amount due from subsidiaries	**17,410**	15,720
Cash and bank balances	**364**	425
	17,777	16,148
Financial liabilities		
Other payables	**442**	369
Amount due to subsidiaries	**2,400**	2,933
	2,842	3,302

30.2 Financial Risk Management Objectivities and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's businesses whilst managing their credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments are broadly diversified along industry, product and geographical lines, and transactions are entered into with diversed creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risks:-

Trade Receivables

As at the end of the reporting year, the maximum exposure to credit risks arising from receivables is limited to the carrying amounts in the statement of financial position.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

More than 51% (2021: 70%) of the Group's customers have been transacting with the Group for long-term basis, and none of these customer's balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and considered in the calculation of impairment.

The Group evaluates the concentration of risks with respect to trade receivables and as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Trade Receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Days past due			
	Not past due RM'000	1 - 30 days RM'000	30 - 60 days RM'000	More than 60 days RM'000	Total RM'000
31 December 2022					
Expected credit loss rate	**0% - 0.1%**	**0% - 0.9%**	**0% - 3.0%**	**0% - 51.4%**	
Estimated total gross carrying amount	**21,223**	**9,935**	**1,584**	**10,036**	**42,778**
Expected credit loss	**(14)**	**(90)**	**(47)**	**(5,159)**	**(5,310)**
31 December 2021					
Expected credit loss rate	0% - 1.2%	0% - 2.3%	0% - 2.8%	0% - 64%	
Estimated total gross carrying amount	25,494	4,958	4,113	7,227	41,792
Expected credit loss	(313)	(114)	(115)	(4,627)	(5,169)

The credit risk concentration profile of the Group at the end of the reporting year is as follows:-

	2022		2021	
	RM'000	%of total	RM'000	%of total
By country:-				
Malaysia	**36,434**	**97.2**	35,847	97.7
United States	**295**	**0.8**	463	1.3
Others	**739**	**2.0**	313	1.0
	37,468	**100.0**	36,623	100.0

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Trade Receivables (cont'd)

Trade receivables that are neither past due nor impaired are credit worthy receivables with good payment records with the Group.

As at the reporting date, approximately 30% (2021: 26%) of trade receivables were due from three (2021: two) major customers, namely Customer A (14%), Customer B (11%) and Customer C (5%) (2021: Customer A (18%) and Customer B (8%)).

The net carrying amounts of trade and other receivables are considered a reasonable approximate of their fair values. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the end of reporting year relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other Receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. At the end of the reporting year, there was no indications that the other receivables are not recoverable.

Financial guarantees

The maximum exposure to credit risk of RM80,932,441 (2021: RM83,445,154) is represented by the outstanding banking facilities utilised by the subsidiaries as at the end of the reporting year.

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the borrowers and their repayments to the banks. As at the end of the reporting year, there was no indication that any of the subsidiaries would default on repayments.

Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly. As at the end of the reporting year, there was no indication that the advances to the subsidiaries are not recoverable.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due.

In managing its exposure to liquidity risk arising principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diversed sources of committed and uncommitted credit facilities from various banks.

Following are the areas where the Group and the Company are exposed to liquidity risk:-

			Maturity		
Group	**Carrying amount RM'000**	**Contractual cash flows RM'000**	**Within 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**
2022					
Trade payables	**25,500**	**25,500**	**25,500**	**–**	**–**
Other payables	**13,307**	**13,307**	**13,307**	**–**	**–**
Bank borrowings	**83,945**	**137,985**	**39,293**	**97,048**	**1,644**
Lease liabilities	**1,001**	**1,229**	**344**	**320**	**565**
	123,753	**178,021**	**78,444**	**97,368**	**2,209**
2021					
Trade payables	23,562	23,562	23,562	–	–
Other payables	13,165	13,165	13,165	–	–-
Bank borrowings	83,445	139,468	34,546	101,365	3,557
Lease liabilities	693	965	294	271	400
	120,865	177,160	71,567	101,636	3,957

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

Following are the areas where the Group and the Company are exposed to liquidity risk (cont'd):-

Company	Carrying amount RM'000	Contractual cash flows RM'000	Maturity Within 1 year RM'000
2022			
Other payables	**442**	**442**	**442**
Amount due to subsidiaries	**2,400**	**2,400**	**2,400**
Financial guarantees	**80,932**	**80,932**	**80,932**
	83,774	**83,774**	**83,774**
2021			
Other payables	369	369	369
Amount due to subsidiaries	2,933	2,933	2,933
Financial guarantees	83,445	83,445	83,445
	86,747	86,747	86,747

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Brunei Dollar ("BND").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year is as follows:-

		Group Denominated in	
	USD RM'000	SGD RM'000	BND RM'000
2022			
Trade receivables	**295**	**–**	**739**
Other receivables	**870**	**–**	**–**
Cash and bank balances	**1,116**	**437**	**–**
Trade payables	**(422)**	**–**	**–**
	1,859	**437**	**739**

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Foreign currency risk (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year is as follows (cont'd):-

	Group Denominated in		
	USD RM'000	**SGD RM'000**	**BND RM'000**
2021			
Trade receivables	637	–	313
Other receivables	448	–	–
Cash and bank balances	1,171	376	–
Trade payables	(167)	–	–
	2,089	376	313

Exposure to foreign exchange rates vary during the financial year depending on the volume of overseas transactions.

As at the reporting date, the management of the Group determined the effects of sensitivity of the Group's net profit for the financial year and the equity as at the end of financial year to a reasonable possible change in USD, SGD and BND to be immaterial.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate management objective is to manage the interest expenses to be consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the end of the reporting year is as follows:-

Group	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments		
Financial asset		
Short-term deposits with licensed banks	**12,366**	13,619
Financial liabilities		
Bank borrowings	**30,623**	24,151
Lease liabilities	**1,001**	693
	31,624	24,844

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Interest rate risk (cont'd)

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the end of the reporting year is as follows (cont'd):-

Group (cont'd)	2022 RM'000	2021 RM'000
Floating rate instrument		
Financial liabilities		
Bank borrowings	**53,322**	59,294

The Group does not account for any fixed rate financial assets and liabilities through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

The following table illustrates the sensitivity of net profit to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group (Increased)/decreased net loss for the financial year/ Equity as at year end	
	RM'000 +50 bp	RM'000 -50 bp
2022	**(267)**	**267**
2021	(296)	296

30.3 Fair value of financial instruments

The carrying amounts of financial assets and liabilities of the Company at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or insignificant impact of discounting.

30.4 Fair value hierarchy

No fair value hierarchy has been disclosed due to the financial instruments of the Group and the Company measured at fair value as at the end of the financial year is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

30. FINANCIAL INSTRUMENTS (CONT'D)

30.5 Reconciliation of liabilities arising from financing activities

	At 1 January RM'000	Repayments RM'000	Drawndowns RM'000	Others RM'000	At 31 December RM'000
2022					
Bank borrowings					
- Term loans	**57,122**	**(6,061)**	**–**	**–**	**51,061**
- Bankers' acceptances and bill payables	**18,111**	**(80,645)**	**86,112**	**–**	**23,578**
- Trust receipts	**40**	**(40)**	**45**	**–**	**45**
- Revolving credits	**6,000**	**–**	**1,000**	**–**	**7,000**
- Lease liabilities	**693**	**(260)**	**568**	**–**	**1,001**
2021					
Bank borrowings					
- Term loans	14,015	(4,393)	47,500 *	–	57,122
- Bankers' acceptances and bill payables	17,119	(77,459)	78,451	–	18,111
- Trust receipts	64	(64)	40	–	40
- Revolving credits	5,000	–	1,000	–	6,000
- Lease liabilities	3,821	(914)	–	(2,214) #	693

* Acquisition of a land held for development as detailed in Note 6 to the Financial Statements.
# Loss on lease modification as detailed in Note 19 to the Financial Statements.

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. These developments have resulted in various uncertainties in global economies. With both Russia and Ukraine being major exporters of wheat flour, alongside with logistics disruptions and high energy and transport costs, the significant decrease in value of Russian Ruble and etc, the Group foresees certain level of uncertainties in the raw material costs under the Consumer Foods Division.

As at the date of authorisation of the Financial Statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group is unable to estimate the financial effects of the situation at this juncture. The Directors are actively monitoring and managing the operations of the Group to minimise any impact arising from these developments. As at to-date, the Group did not encounter significant supply chain disruption as the Group has established supply chain to ensure that there are several options for all critical raw materials supplies alongside a blend of local and foreign suppliers to provide flexibility.

(b) On 16 March 2022, Agrow Healthtech Sdn. Bhd. had ceased to be a wholly-owned subsidiary of Agrow Corporation Sdn. Bhd. and became a wholly-owned subsidiary of Agrow Malaysia Sdn. Bhd..

31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (CONT'D)

(c) On 30 May 2022, 80%-owned subsidiary of the Company, Enigma Sinar Sdn. Bhd. ("ESSB") entered into a development agreement with Worldklang Group Property Development Sdn. Bhd. ("WKGPD") ("Development Agreement") to collobarate with each other in the implementation of the Proposed Development (as hereinafter defined) on a piece of vacant freehold land identified as H.S (D) 165116, PT 84453, Mukim Kapar, Daerah Klang, Negeri Selangor ("Land") which is owned by ESSB, through the contribution of their respective resources, expertise, skills, knowledge and technical know-how as a property developer, on the terms and conditions set out in the Development Agreement.

The proposed development on the Land will consist of 34 units of semi-detached factory together with all infrastructure, amenities, public utilities and other complementary development appropriate for or incidential to such development, as may be approved by the relevant authorities. The ordinary resolution on the Proposed Joint Venture as set out in the Notice of the Extraordinary General Meeting ("EGM") dated 23 August 2022 was duly passed at the EGM which was conducted fully virtual on 7 September 2022.

The condition precedent stated in the Development Agreement has been fulfilled on 7 September 2022. Accordingly, the Development Agreement became unconditional on even date.

(d) On 28 July 2022, Kaiserkorp Sdn. Bhd. ("KSB"), a subsidiary of the Company subscribed an additional 49 ordinary shares in Ultima Beddington Sdn. Bhd. ("UBSB") for a total cash consideration of RM49. Subsequently, UBSB became an indirect wholly-owned subsidiary of the Company.

(e) On 1 April 2021, Agrow Corporation Sdn. Bhd. an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement in relation to the acquisition of an office building at a net consideration of RM506,000. Deposit has been paid as detailed in Note 13 to the Financial Statements.

32. CAPITAL COMMITMENTS

	Group	
	2022	**2021**
	RM'000	**RM'000**
Authorised and contracted for:		
- Office building (Note 31(e))	**360**	–
- Motor vehicle	**217**	–
	577	–

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2022

33. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and to safeguard the Group's and the Company's ability to continue as going concerns, so as to maintain investor, creditor and market confidence and to sustain future development of the businesses. The Directors monitor and determine the maintainance of an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group and the Company set the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issuance of new shares or assets sold to reduce debts.

Total capital managed at Group level is the shareholders' funds as shown in the statements of financial position.

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain the debt-to-equity ratio not more than 1.0.

	2022 RM'000	2021 RM'000
Bank borrowings	**83,945**	83,445
Lease liabilities	**1,001**	693
Less: Cash and bank balances	**(38,841)**	(37,972)
Less: Short-term deposits with licensed banks	**(12,366)**	(13,619)
Net debt	**33,739**	32,547
Total equity	**169,348**	173,075
Debt-to-equity ratio	**0.20**	0.19

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

LIST OF PROPERTIES
AS AT 31 DECEMBER 2022

Location	Tenure	Area (Square Metres)	Description and Existing Use	Approximate Age of Buildings (Years)	Net Book Value as at 31.12.2022 (RM)	Year of Last Revaluation/ Acquisition
Lot 1, Lorong Perak 2 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Leasehold 99 years expiring 2086 Residual lease 64 years	5,236 Built-up 2,913	1½ Storey Factory	34	2,437,750	1998
Lot 2137, Jalan Enggang Kg. Batu 9, Kebun Baru 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	20,233 Built-up 11,148	1 Storey Factory	24	16,944,386	1998
Lot 2447, Jalan Pulau Carey 42500 Telok Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	20,158 Built-up 3,345	1 Storey Factory	18	4,349,885	2011
Lot 2448, Jalan Pulau Carey 42500 Telok Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	21,954	Vacant Land	Not Applicable	5,147,000	2011
2B, Jalan SS 6/6, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Freehold	372 Built-up 1,802	4 Storey Commercial Shoplot/Office	26	2,418,125	1994
2C, Jalan SS 6/6, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Freehold	372 Built-up 1,802	4 Storey Commercial Shoplot/Office	26	4,350,000	1998
Lot 1956 Jalan Bangi Lama Batu 1 ½ 43500 Semenyih Selangor Darul Ehsan Malaysia	Freeehold	40,696 Built-up 22,360	1 Storey Detached Factory cum 3 Storey Office and 1 Storey Detached Warehouse	23	16,133,265	2009
1A, Jalan Helang Bukit Kepong Baru Industrial Area 52100 Kepong Kuala Lumpur Wilayah Persekutuan Malaysia	Freehold	1,478 Built-up 870	1 Storey Warehouse	44	904,685	1998
Lot 10-05, Level 10 Pinnacle Tower Jalan Dato' Abdullah Tahir Taman Abad 80300 Johor Bharu Johor Darul Takzim Malaysia	Freehold	123	Service Apartment	6	724,667	2016

LIST OF PROPERTIES
AS AT 31 DECEMBER 2022

Location	Tenure	Area (Square Metres)	Description and Existing Use	Approximate Age of Buildings (Years)	Net Book Value as at 31.12.2022 (RM)	Year of Last Revaluation/ Acquisition
Lot 32-06, Level 32 Pinnacle Tower Jalan Dato' Abdullah Tahir Taman Abad 80300 Johor Bharu Johor Darul Takzim Malaysia	Freehold	121	Service Apartment	6	834,991	2016
A-6-P, Cameron Green Jalan Kemunting Tanah Rata 39100 Cameron Highlands Pahang Darul Makmur Malaysia	Leasehold 99 years expiring 2087 Residual lease 65 years	196.11	Apartment	21	256,948	1999
Lots 13 & 14 Kawasan Perusahaan Senawang 70450 Seremban Negeri Sembilan Darul Khusus Malaysia	Leasehold 99 years expiring 2078 Residual lease 56 years	15,060 Built-up 7,530	1 Storey Factory	19	5,373,226	2006
Lots 916, 917 & 918 Block 5 Seduan Land District Sungai Aup, Sibu Sarawak Malaysia	Leasehold 60 years expiring 2067 Residual lease 45 years	10,004 Built-up 5,340	2 Storey Detached Factory	20	5,325,340	2002
No. 49-P Lorong Sempadan Dua Bandar Air Itam 11400 Pulau Pinang Malaysia	Freehold	138 Built-up 220	2 Storey Shoplot	39	477,944	2012
No. 49-Q Lorong Sempadan Dua Bandar Air Itam 11400 Pulau Pinang Malaysia	Freehold	264 Built-up 357	2 Storey Shoplot	39	917,808	2012
11 Woodlands Close Woodlands 11 #10-32 Singapore 737853	Leasehold 60 years expiring 2070 Residual lease 48 years	170 Built-up 170	Flatted Office	11	1,862,718	2013
11 Woodlands Close Woodlands 11 #10-33 Singapore 737853	Leasehold 60 years expiring 2070 Residual lease 48 years	170 Built-up 170	Flatted Office	11	1,862,718	2013

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Total number of issued shares	:	102,850,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	26	1.17	1,029	*
100 to 1,000 shares	616	27.81	561,931	0.55
1,001 to 10,000 shares	1,194	53.90	4,840,080	4.70
10,001 to 100,000 shares	334	15.08	8,038,580	7.82
100,001 to 5,142,499 shares	42	1.90	46,352,000	45.07
5,142,500 shares and above	3	0.14	43,056,380	41.86
Total	**2,215**	**100.00**	**102,850,000**	**100.00**

Note:

* *Negligible*

SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders)

	Direct		Indirect		Total	
Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
Rangkai Kartika Sdn. Bhd. ("RKSB")	29,565,680	28.75	–	–	29,565,680	28.75
Zeigells (M) Sdn. Bhd. ("ZSB")	–	–	29,565,680 [a]	28.75 [a]	29,565,680	28.75
Ng Kok Yin	–	–	29,565,680 [b]	28.75 [b]	29,565,680	28.75
Ho Kit Heng	–	–	29,565,680 [b]	28.75 [b]	29,565,680	28.75
Choy Cheng Choong	8,028,000	7.81	–	–	8,028,000	7.81
Patricia Woon Lai Ching @ Lee Yah Seng	5,462,700	5.31	–	–	5,462,700	5.31

Notes:

[a] *Deemed interest by virtue of its 100% shareholding in RKSB.*

[b] *Deemed interest by virtue of his substantial shareholding in ZSB, which in turn holds 100% equity interest in RKSB.*

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

DIRECTORS' SHAREHOLDINGS
(According to the Register of Directors' Shareholdings)

	Direct		Indirect		Total	
Name	No. of shares held	%	No. of shares held	%	No. of shares held	%
Tee Keng Hoon	–	–	–	–	–	–
Abd Aziz Bin Attan	–	–	–	–	–	–
Agnes Maria Sam A/P John Sam	–	–	–	–	–	–
Chan Kee Eng	–	–	–	–	–	–
Sandra Mohan A/L Manthiry	–	–	–	–	–	–
Mohd Harris Bin Pardi	–	–	–	–	–	–
Fong Heng Leong	–	–	–	–	–	–
Wong Choon Shein	–	–	–	–	–	–

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ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	Rangkai Kartika Sdn. Bhd.	29,565,680	28.75
2.	Choy Cheng Choong	8,028,000	7.81
3.	Patricia Woon Lai Ching @ Lee Yah Seng	5,462,700	5.31
4.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Tan Ching Ching*	5,039,500	4.90
5.	Chew Huat Heng	5,017,400	4.88
6.	Tan Han Chuan	4,976,100	4.84
7.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ong Huey Peng*	4,974,820	4.84
8.	Cheong Pooi Leong	4,008,500	3.90
9.	Unifonte Sdn. Bhd.	3,304,000	3.21
10.	Bukit Feringhi Resort Sdn. Bhd.	3,122,600	3.04
11.	Suasana Proaktif Sdn. Bhd.	2,267,100	2.20
12.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Taipanmatics Sdn. Bhd.*	2,250,000	2.19
13.	Chan Wan Moi	1,823,900	1.77
14.	Khor Saw Hoon	980,000	0.95
15.	Ong Wee Lieh	917,300	0.89
16.	Yeoh Jin Hoe	680,000	0.66
17.	Tan Pak Nang	500,000	0.49
18.	Juliet Yap Swee Hwang	498,300	0.48
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Derrick Kong Ying Kit (PCS)*	490,000	0.48
20.	Chan Wan Moi	447,200	0.43
21.	Ong Chai Hock	405,700	0.39
22.	Tay Teck Ho	370,000	0.36
23.	Hoo Wan Fatt	364,900	0.35
24.	Tan Cheit Chai	360,000	0.35
25.	Prize Focus Sdn. Bhd.	334,500	0.33
26.	Marc Francis Yeoh Min Chang	288,500	0.28
27.	Tay Ying Lim @ Tay Eng Lim	266,500	0.26
28.	Ng Teng Song	254,000	0.25
29.	Fam Boon Kok	195,780	0.19
30.	Lim Shoor Bing	190,000	0.18
	Total	**87,382,980**	**84.96**

NOTICE OF SIXTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixty-Fourth Annual General Meeting ("AGM") of OCB Berhad will be conducted virtually and live-streamed from the broadcast venue at the Conference Room, 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Monday, 26 June 2023 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon. **(Please refer to Note E of this Agenda)**

2. To re-elect the following Directors of the Company who retire pursuant to Clause 82 of the Company's Constitution:

   (i) Fong Heng Leong **Resolution 1**
   (ii) Wong Choon Shein **Resolution 2**

3. To re-elect Director of the Company, Sandra Mohan A/L Manthiry who retires pursuant to Clause 86 of the Company's Constitution. **Resolution 3**

4. To approve the payment of Directors' fees amounting to RM522,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 31 December 2022. **Resolution 4**

5. To approve the payment of benefits of up to RM150,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2023. **Resolution 5**

6. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors. **Resolution 6**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 **Resolution 7**

   "THAT subject to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company ("Board") be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time at such issue price which is at a not more than a ten per centum (10%) discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date to such Qualified Placee(s) as the Board may in its absolute discretion deem fit or appropriate, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares in the Company for the time being (excluding treasury shares), and upon such other additional terms and conditions (if any) to be determined by the Board. For the purposes of this resolution, "Qualified Placee(s)" shall refer to persons who are not (in accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) (a) a director, major shareholder or chief executive of the Company or a holding company of the Company (if applicable), or person(s) connected with such director, major shareholder or chief executive; or (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed. Qualified Placees shall also be person(s) or party(ies) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007;

NOTICE OF SIXTY-FOURTH ANNUAL GENERAL MEETING

THAT such authority if/when passed shall constitute an authority for the issue of shares with prior shareholders' approval in a general meeting of the precise terms and conditions of the issue;

THAT in connection with the above, pursuant to Section 85 of the Companies Act, 2016 to be read together with Clause 50(1) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company;

THAT such authority shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, 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 AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND THAT the Board be and is empowered to apply for and obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed renewal of authority for the Company to purchase its own shares **Resolution 8**

"THAT subject to compliance with the Companies Act, 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares in the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

NOTICE OF SIXTY-FOURTH ANNUAL GENERAL MEETING

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, 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 AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.

By Order of the Board of Directors

LYDIA TONG YIU SHYIAN-SHYIAN
SSM PC No. 202208000755
BC/L/1922

NOR ZARIFAH BINTI ABDULLAH @ MAHMUD
SSM PC No. 202208000338
LS0010328
Company Secretaries

Petaling Jaya
Selangor Darul Ehsan
Malaysia
28 April 2023

NOTICE OF SIXTY-FOURTH ANNUAL GENERAL MEETING

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 16 June 2023 shall be entitled to participate at the Sixty-Fourth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(B) MODE OF MEETING AND PROXY

(i) The venue of the Sixty-Fourth AGM of the Company is strictly a Broadcast Venue as the conduct of the Sixty-Fourth AGM of the Company will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Members will not be allowed to attend the Sixty-Fourth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Members are to attend, ask questions to the Board via real time submission of typed texts and vote remotely (collectively, "participate") at the Sixty-Fourth AGM of the Company via the Remote Participation and Electronic Voting ("RPEV") facilities provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") through its ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023. Please follow the Procedures for RPEV facilities in the Administrative Details for the Sixty-Fourth AGM.

(ii) A member of the Company entitled to participate at the Sixty-Fourth AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(iii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Sixty-Fourth AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

(v) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by KPMG MRC, not less than 48 hours before the time appointed for holding the Sixty-Fourth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(vi) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(vii) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023 or email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Sixty-Fourth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.

NOTICE OF SIXTY-FOURTH ANNUAL GENERAL MEETING

(C) POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(D) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the forthcoming Sixty-Fourth AGM of the Company and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Sixty-Fourth AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Sixty-Fourth AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalty, claim, demand, loss and damage as a result of the member's breach of warranty.

(E) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act, 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(F) EXPLANATORY NOTES FOR ITEMS 2 AND 3 OF THE AGENDA

The profiles of the retiring Directors are set out in the Profile of Directors on pages 19 and 20 of the Company's Annual Report 2022. For the purpose of determining the eligibility of the Directors, Fong Heng Leong and Wong Choon Shein who are standing for re-election at the Sixty-Fourth AGM, the Board of Directors of the Company ("Board") through its Nomination Committee ("NC") had assessed them using the Independent Directors' Self-Assessment Checklist and Directors' Evaluation Form, in order to assess each of their caliber and ability to understand the requirements, risk and management of the Group's business; contribution and performance; character, integrity and professional conduct in dealing with conflict of interest situations; ability to critically challenge and ask the right questions; commitment and due diligence; confidence to stand up for a point of view; interaction at meetings and training records for the financial year ended 31 December 2022.

Based on the evaluation results, the aforesaid retiring Directors, Fong Heng Leong and Wong Choon Shein met the performance criteria required of an effective member of the Board.

The recommendation for the re-election of Sandra Mohan A/L Manthiry as Director was based on the prior assessments of the NC and the Board before his appointment as Director. During the Director's selection process, his qualifications, skills, experience, knowledge, character, integrity, other attributes, time commitment and potential contribution were assessed.

The Board, at the recommendation of the NC, endorsed the re-election of the Directors named under Resolutions 1, 2 and 3 who are due to retire in accordance with the Company's Constitution and are eligible to stand for re-election.

NOTICE OF SIXTY-FOURTH ANNUAL GENERAL MEETING

(G) EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 7 - Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of Companies Act, 2016

Ordinary Resolution 7 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Sixty-Fourth AGM of the Company, to allot and issue ordinary shares of the Company at any time at such issue price which is at a not more than a 10% discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date, to such Qualified Placee(s) as the Board may in its absolute discretion, consider to be in the interest of the Company and upon such other additional terms and conditions (if any) to be determined by the Board, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares in the Company for the time being ("Mandate"). The Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The Mandate will provide flexibility to the Company to raise more capital expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, future investment(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Mandate is in the best interests of the Company and its shareholders.

As at the date of this notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 21 June 2022. Hence, no proceeds were raised.

The waiver of the statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 read together with Clause 50(1) of the Constitution of the Company will allow the Directors to issue and allot new shares in the Company which rank pari passu in all respects with the existing shares, to any person without having to first offer the new shares to all existing shareholders prior to the issuance of new shares pursuant to the Mandate.

Resolution 8 - Proposed renewal of authority for the Company to purchase its own shares

Ordinary Resolution 8 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares in the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to the Share Buy-Back Statement dated 28 April 2023 which is made available together with the Company's Annual Report 2022 at http://ocbb.com.my/64th-annual-general-meeting/.

ADMINISTRATIVE DETAILS FOR THE SIXTY-FOURTH ANNUAL GENERAL MEETING

Date	:	**Monday, 26 June 2023**
Time	:	**10.00 a.m.**
Meeting Platform	:	**ConveneAGM at https://conveneagm.my/ocbagm2023**
Broadcast Venue	:	**Conference Room, 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia**

MODE OF COMMUNICATION

Pose questions to the Board of Directors via real time submission of typed texts via ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023 during live streaming of the Sixty-Fourth Annual General Meeting ("AGM").

MODE OF MEETING

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the Sixty-Fourth AGM in person at the Broadcast Venue on the day of the meeting.

ENTITLEMENT TO PARTICIPATE AND VOTE

Only shareholders whose names appear on the Record of Depositors as at **16 June 2023** shall be eligible to attend, ask questions to the Board of Directors via real time submission of typed texts and vote remotely (collectively, "participate") at the Sixty-Fourth AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV") FACILITIES

The RPEV facilities is provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") via its ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023. Shareholders (individual/corporate/authorised nominees/exempt authorised nominees) are to participate remotely at the Sixty-Fourth AGM using RPEV facilities from ConveneAGM Meeting Platform.

Kindly refer to Procedures for RPEV facilities as set out below for the requirements and procedures.

PROCEDURES FOR RPEV FACILITIES

Shareholders who wish to participate at the Sixty-Fourth AGM are required to register at ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023 from **Friday, 28 April 2023** until the day of the Sixty-Fourth AGM on **Monday, 26 June 2023**. Shareholders are encouraged to register at least 48 hours before the commencement of the Sixty-Fourth AGM to allow the Company to verify the shareholder status and to avoid any delay in registration.

Kindly read and follow the procedure below for registration at ConveneAGM Meeting Platform. Alternatively, you may refer to the AGM User Guide at https://cdn.azeusconvene.com/wp-content/uploads/brochures/Getting-Started-with-ConveneAGM.pdf :

ADMINISTRATIVE DETAILS FOR THE SIXTY-FOURTH ANNUAL GENERAL MEETING

<table>
<tr><th colspan="3">BEFORE THE DAY OF THE SIXTY-FOURTH AGM</th></tr>
<tr><th colspan="2">Procedures</th><th>Action</th></tr>
<tr><td>(a)</td><td>Registration for Shareholders and/or Corporate Representatives</td><td>• Go to https://conveneagm.my/ocbagm2023.
• Select “Register Now” and choose “Register as Shareholder”.
• Fill out the form with the required information and click to “Submit Registration”.
• A confirmation will be displayed after a successful registration.
• Check your registered email.
• Open the email from AGM@Convene (agmaccounts@conveneagm.com).
• Select “Verify Your Email”.
• After the email verification, you will be redirected to create your own personalised password.
• Upon system verification against the Record of Depositors as at 16 June 2023, you will receive email from AGM@Convene indicating that your registration is approved or rejected.

Please note that the corporate shareholders who require their corporate representative to participate and vote at the Sixty-Fourth AGM must deposit their certificate of appointment of corporate representative to KPMG not later than Saturday, 24 June 2023 at 10.00 a.m.</td></tr>
<tr><td>(b)</td><td>Registration for Proxyholders</td><td>• As Proxy, you will receive an email from AGM@Convene (agmaccounts@conveneagm.com) with your proxy code once you are appointed by your shareholder.
• Click on the link in the email or go to https://conveneagm.my/ocbagm2023.
• Select “Register Now” and choose “Register as Proxyholder”.
• Fill out the form with the required information and click to “Submit Registration”.
• A confirmation will be displayed after a successful registration.
• Check your registered email.
• Open the email from AGM@Convene (agmaccounts@conveneagm.com).
• Select “Verify Your Email”.
• After the email verification, you will be redirected to create your own personalised password.

Please note that in the event the shareholder who appointed you cannot be authenticated against the Record of Depositors as at 16 June 2023, your registration will not be valid.</td></tr>
<tr><th colspan="3">ON THE DAY OF THE SIXTY-FOURTH AGM</th></tr>
<tr><td colspan="2">Participation by Shareholders, Proxies and/or Corporate Representatives during AGM</td><td>• Login to https://conveneagm.my/ocbagm2023
• Click to start live webcast.
• Proceed to ask question and/or vote when permissible.</td></tr>
</table>

ADMINISTRATIVE DETAILS FOR THE SIXTY-FOURTH ANNUAL GENERAL MEETING

APPOINTMENT OF PROXY

If you are unable to participate at the Sixty-Fourth AGM, you are encouraged to appoint a proxy or the Chairman of the meeting as your proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the Sixty-Fourth AGM yourself, please do not submit any Proxy Form for the Sixty-Fourth AGM. You will not be allowed to participate in the Sixty-Fourth AGM together with a proxy appointed by you.

Accordingly, Proxy Forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the Sixty-Fourth AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 24 June 2023 at 10.00 a.m.**:

(i) In hard copy:

Must be deposited at the office of our Administration and Polling Agent, KPMG Management & Risk Consulting Sdn Bhd at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means:

The proxy form can also be lodged electronically through ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023 or email to support_conveneagm@kpmg.com.my. The steps to submit via ConveneAGM Meeting Platform are summarised below:

- Go to https://conveneagm.my/ocbagm2023.
- Select "**Register Now**" and choose "**Register as Shareholder**".
- Fill out the form with the required information and select "**Submit Registration**".
- A confirmation will be displayed after a successful registration.
- Check your registered email.
- Open the email from AGM@Convene (agmaccounts@conveneagm.com).
- Select "**Verify Your Email**".
- After the email verification, you will be redirected to create your own personalised password.
- Sign in to https://conveneagm.my/ocbagm2023.
- Select "**Fill Out Proxy Form**".

If you have submitted your Proxy Form prior to the meeting, and subsequently decide to participate at the Sixty-Fourth AGM yourself, please write in to support_conveneagm@kpmg.com.my to revoke the appointment of your proxy(ies) at least 48 hours before the Sixty-Fourth AGM.

Alternatively, you may register for RPEV facilities or appoint another proxy. In such an event, your earlier appointment of proxy shall be revoked. Please advice your proxy accordingly. Follow the steps listed in Procedures for RPEV facilities to register and/or withdraw Proxy Form.

VOTING PROCEDURE

The voting procedure 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 KPMG MRC as Poll Administrator to conduct the poll by way of electronic voting ("**e-voting**"). Independent Scrutineer will be appointed to verify and validate the poll results.

During the Sixty-Fourth AGM, the Chairman of the meeting will invite the Poll Administrator to brief on the e-voting housekeeping rules. The e-voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

For the purposes of the virtual AGM, e-voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

Upon the conclusion of the e-voting session, the Independent Scrutineer will verify the poll results followed by the declaration by the Chairman of the meeting whether the resolutions put to vote were successfully carried or not.

ADMINISTRATIVE DETAILS FOR THE SIXTY-FOURTH ANNUAL GENERAL MEETING

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gift/food voucher for participating at the Sixty-Fourth AGM since the meeting is being conducted on a virtual basis.

OCB Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

The shareholders may submit questions to the Company in advance via ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023 prior to the Sixty-Fourth AGM. The Board of Directors will endeavour their best to respond to the questions received at the Sixty-Fourth AGM.

For submission of questions during the Sixty-Fourth AGM, authenticated shareholders, proxies and corporate representatives may submit questions by clicking the “Ask a Question” feature and then input queries in the text box.

ENQUIRIES

Should you require any assistance on the RPEV facilities, kindly contact KPMG MRC, details as follows:

(a) For matters relating to proxy processing and eligibility to participate at the Sixty-Fourth AGM during office hours on Mondays to Fridays (except on public holidays) from 8.30 a.m. to 5.30 p.m.

Email	:	support_conveneAGM@kpmg.com.my
Telephone No.	:	603-7721 3109/ 7329/ 7954/ 7780

(b) For ConveneAGM Meeting Platform Technical Support (available 24/7)

Toll Free No.	:	1 800 817 240
Email	:	support@conveneagm.com
Live Chat	:	Click on the chat icon at the bottom right side of https://conveneagm.my/ocbagm2023

OCB BERHAD

[Registration No. 195901000114 (3465-H)]

PROXY FORM

I/We .... (NRIC/Company No. ....)
(Full Name in Block Letters)

of ....
(Address)

and telephone no./email address ……………………………………………being a member/members of OCB Berhad ("the Company"), hereby appoint:

Full Name (In Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
Telephone No.	**Email Address**		

and

Full Name (In Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
Telephone No.	**Email Address**		

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Sixty-Fourth Annual General Meeting ("AGM") of the Company to be conducted virtually and live-streamed from the broadcast venue at the Conference Room, 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Monday, 26 June 2023 at 10.00 a.m. and at any adjournment thereof. *I/We indicate with an "X" in the spaces below how *I/we wish *my/our vote to be cast.

Resolution	Ordinary Business	For	Against
1	To re-elect Fong Heng Leong as Director		
2	To re-elect Wong Choon Shein as Director		
3	To re-elect Sandra Mohan A/L Manthiry as Director		
4	To approve the payment of Directors' fees amounting to RM522,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 31 December 2022		
5	To approve the payment of benefits of up to RM150,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2023		
6	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors		
	Special Business		
7	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
8	Proposed renewal of authority for the Company to purchase its own shares		

Subject to the abovestated voting instructions, *my/our proxy may vote or abstain from voting on the resolutions as *he/she/they may think fit.

If appointment of proxy is under hand: __________________________ Signed by *individual member/officer or attorney of *member/authorised nominee of .... (beneficial owner)	No. of Shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....
If appointment of proxy is under seal: The Common Seal of .... was hereto affixed in accordance with its Constitution in the presence of: ____________ _______________ Director Director/Secretary In its capacity as *member/attorney of *member/authorised nominee of ....(beneficial owner)	No. of Shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....

Signed this …………..….. day of ……………….…..….…, 2023.

* *Strike out whichever is not desired.*
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]

Notes:

(i) Only a depositor whose name appears on the General Meeting Record of Depositors as at 16 June 2023 shall be entitled to participate at the Sixty-Fourth AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(ii) The venue of the Sixty-Fourth AGM of the Company is strictly a Broadcast Venue as the conduct of the Sixty-Fourth AGM of the Company will be conducted virtually and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

(iii) Members will not be allowed to attend the Sixty-Fourth AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

(iv) Members are to attend, ask questions to the Board via real time submission of typed texts and vote remotely (collectively, "participate") at the Sixty-Fourth AGM of the Company via the Remote Participation and Electronic Voting ("RPEV") facilities provided by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") through its ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023. Please follow the Procedures for RPEV facilities in the Administrative Details for the Sixty-Fourth AGM.

Notes: (cont'd)

(v) A member of the Company entitled to participate at the Sixty-Fourth AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(vi) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Sixty-Fourth AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

(vii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

(viii) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by KPMG MRC, not less than 48 hours before the time appointed for holding the Sixty-Fourth AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(ix) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of our Administration and Polling Agent, KPMG MRC at Concourse, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(x) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with KPMG MRC via its ConveneAGM Meeting Platform at https://conveneagm.my/ocbagm2023 or email to support_conveneagm@kpmg.com.my. Please refer to the Administrative Details for the Sixty-Fourth AGM on the procedures for electronic lodgement of Proxy Form via ConveneAGM Meeting Platform.

(xi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(xii) By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the forthcoming Sixty-Fourth AGM of the Company and/or any adjournment thereof, the member of the Company accepts and agrees to the Personal Data Privacy terms as set out in the Notice of Sixty-Fourth AGM of the Company dated 28 April 2023.

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AFFIX
STAMP

The Administration and Polling Agent

KPMG Management & Risk Consulting Sdn. Bhd.

[Registration No. 198601000916 (150059-H)]

Concourse, KPMG Tower, No. 8, First Avenue

Bandar Utama, 47800 Petaling Jaya

Selangor Darul Ehsan, Malaysia.

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OCB BERHAD
[Registration No. 195901000114 (3465-H)]

2B-5, Level 5
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel No.	:	603-7880 7539
Fax No.	:	603-7880 7536
Website	:	www.ocbb.com.my