GOVERNANCE

Profile of Board of Directors

YBHG DATUK KWEK LENG SAN

Chairman; Non-Executive/ Non-Independent

Age 68, Male, Singaporean

Datuk Kwek Leng San graduated from University of London with a Bachelor of Science (Engineering). He also holds a Master of Science (Finance) from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing.

Datuk Kwek is the Chairman of Malaysian Pacific Industries Berhad ("MPI"). He was appointed to the Board of Directors ("Board") of MPI on 27 July 1990 and subsequently as the Group Managing Director of MPI from September 1990 to August 1993. He does not sit on any Board committee of MPI.

He is the Chairman of Hong Leong Industries Berhad, Hume Cement Industries Berhad and Southern Steel Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of Hong Leong Company (Malaysia) Berhad, a public company.

MR MANUEL ZARAUZA BRANDULAS

Group Managing Director/ Non-Independent

Age 52, Male, Spanish

Mr Manuel Zarauza Brandulas graduated from University of Westminster, London with a Bachelor of Business BA (Honours) in Finance and Marketing. He also holds a Master of Business Administration from University of Bath, United Kingdom ("UK") and a Master in Leadership and Organisation from Instituto de la Empresa, Madrid.

Mr Manuel Zarauza has over 25 years of working experience across various manufacturing sectors. He started his career in Siemens before joining Osram Opto Semiconductors as Vice President, Worldwide Sales. Subsequently, he moved to Seoul Semiconductor as Managing Director in Seoul, Korea.

Mr Manuel Zarauza joined HLMG Management Co Sdn Bhd, a related company, as its Managing Director in April 2015, a position he held until August 2016. Subsequently, he was appointed as Group Managing Director of MPI on 8 August 2016. He does not sit on any Board committee of MPI.

IR. DENNIS ONG LEE KHIAN

Non-Executive Director/ Independent

Age 68, Male, Malaysian

Ir. Dennis Ong Lee Khian graduated from University of Swinburne, Australia with a Bachelor of Civil Engineering and is registered as a Professional Engineer with Practising Certificate with the Board of Engineers Malaysia.

He is a Fellow of the Institution of Engineers, Malaysia, a Fellow of the ASEAN Academy of Engineering and Technology, a Fellow of the Institution of Engineers, Australia and a Chartered Professional Engineer under the National Professional Engineers Register, Australia.

Ir. Dennis Ong started his career in Shell Malaysia in 1981. He held various senior management positions in Shell's downstream businesses in Malaysia as well as the ASEAN countries and Hong Kong. He was the Managing Director of Shell Timur Sdn Bhd prior to his retirement from Shell Malaysia. Ir. Dennis Ong held directorships in Shell Malaysia Trading Sdn Bhd, Champ Distributors Sdn Bhd, Lubetech Sdn Bhd, Assar Chemical Dua Sdn Bhd and was the Chairman of the Board for UMW Pennzoil Distributors Sdn Bhd.

In 2011, Ir. Dennis Ong joined the School of Engineering of Monash University, Malaysia as a senior lecturer managing the Engineering Leadership Program and lecturing the units on Project Management and Professional Practice until December 2018. He is currently a member of the Industry Advisory Panel for Monash Civil Engineering Department.

Ir. Dennis Ong was appointed to the Board of MPI on 17 November 2014. He is the Chairman of the Board Audit & Risk Management Committee of MPI.

Profile of Board of Directors

(Cont'd)

YBHG DATO' MOHAMAD KAMARUDIN BIN HASSAN

Non-Executive Director/ Independent

Age 68, Male, Malaysian

Dato' Mohamad Kamarudin Bin Hassan graduated from University of Malaya with a Bachelor of Economics (Honours) (Majoring in Business Administration) and also holds a Master of Business Administration (Majoring in Finance) from Oklahoma City University, United States of America ("USA").

Dato' Mohamad Kamarudin began his career with the Administrative and Diplomatic Service in 1979 with his first posting to the Macro-economic Division of the Economic Planning Unit in the Prime Minister's Department. In 1987, he was placed in the Ministry of International Trade and Industry (MITI) where he had served in various divisions of the Ministry. From 1992 to 1994, he was posted to the Malaysian Embassy in Washington DC, USA, as an Economic Counselor. Subsequently, in January 2006, Dato' Mohamad Kamarudin was seconded to Malaysia External Trade Development Corporation (MATRADE) as Deputy Chief Executive Officer, a post he held until his retirement on 1 September 2013.

Dato' Mohamad Kamarudin was appointed to the Board of MPI on 19 March 2015. He is a member of the Board Audit & Risk Management Committee and Nominating Committee of MPI.

He is the Chairman of Muhibbah Engineering (M) Berhad, a company listed on the Main Market of Bursa Securities and ManagePay Systems Berhad, a company listed on the ACE Market of Bursa Securities.

DR TUNKU ALINA BINTI RAJA MUHD ALIAS

Non-Executive Director/ Independent

Age 59, Female, Malaysian

Dr Tunku Alina Binti Raja Muhd Alias graduated from University of Malaya with a Bachelor of Law, holds a Master in Law (LLM) (Corporate and Commercial Law) from King's College, UK and a PhD in Islamic Finance, International Centre for Education in Islamic Finance, Malaysia.

She began her legal career with Skrine & Co in February 1987 whereafter she co-founded the legal firm Wong Lu Peen & Tunku Alina in April 1992. She was the Managing Partner until her retirement from partnership in December 2011 and remains as Consultant to the firm to date. She is still an Advocate & Solicitor of the High Court of Malaya and a registered associate mediator with the Bar Council Malaysia and the Singapore Mediation Centre.

Dr Tunku Alina is a sustainability and corporate governance practitioner. Her board directorship career is underpinned by many years in legal practice as well as continuing directors' education in sustainability, climate issues, circular economy and environmental, social and governance (ESG).

Dr Tunku Alina was appointed to the Board of MPI on 18 January 2018. She is the Chairman of the Nominating Committee of MPI.

She is a Director of IJM Corporation Berhad, Batu Kawan Berhad and Nestle (Malaysia) Berhad, companies listed on the Main Market of Bursa Securities. She is also a Director of United Overseas Bank (Malaysia) Berhad, a public company.

Profile of Board of Directors

(Cont'd)

MS FOO AI LI

Non-Executive Director/ Independent

Age 47, Female, Malaysian

Ms Foo Ai Li graduated from Lincoln University, New Zealand with a Bachelor of Commerce (Accounting) and is a Chartered Accountant with the Institute of Chartered Accountants Australia and New Zealand, and the Malaysian Institute of Accountants.

Ms Foo joined Shell Malaysia in 2002 after 3 years of external audit exposure. She served in the Singapore regional treasury centre for 5 years, after which she was appointed as the Finance Manager in Shell Refining Company (FOM) Berhad, accountable for statutory reporting, governance, hydrocarbon and management accounting. In 2012, she moved to hold a global role overseeing 300 staff in Shell's Finance Operations managing revenue billing for the Royal Dutch Shell Group. Thereafter, Ms Foo was appointed as the General Manager, Finance in Shell MDS Sdn Bhd accountable for the finance and governance function for manufacturing and marketing. Her last position in the energy industry was as the Chief Financial Officer of Hengyuan Refining Company Berhad (formerly Shell Refining Company (FOM) Berhad) from 2016 to 2019. Ms Foo is presently attached to CDC Consulting Sdn Bhd providing advisory work. She is also an active volunteer at a non-governmental organisation which focuses on holistic education.

She was appointed to the Board of MPI on 1 September 2021. She is a member of the Board Audit & Risk Management Committee and Nominating Committee of MPI.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   YBhg Datuk Kwek Leng San is a brother of YBhg Tan Sri Quek Leng Chan, a major shareholder of MPI. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of MPI.
2. ***Conflict of Interest or Potential Conflict of Interest***
   None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with MPI and its subsidiaries.
3. ***Conviction of Offences***
   None of the Directors has been convicted of any offences (excluding traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2023.
4. ***Attendance of Directors***
   Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement, Risk Management And Internal Control in the Annual Report.

GOVERNANCE

Profile of Key Senior Management

MR LAU PING ONG

Chief Financial Officer, Malaysian Pacific Industries Berhad

Age 47, Male, Malaysian

Mr Lau Ping Ong is a Member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants.

Mr Lau Ping Ong has over 20 years of financial management experience with multi-national companies prior to joining the Hong Leong Manufacturing Group in 2016 where he has held various senior positions of increasing responsibility. He started his career in an audit firm as a graduate trainee in 1998 before joining Aalborg-RCI White Cement Sdn Bhd as an Accountant in 2000. In 2004, he joined Lafarge Malaysia Berhad (now known as Malayan Cement Berhad) as Cost Management Accountant in one of its cement plants in Malaysia and subsequently promoted to various senior positions.

He joined Hong Leong Manufacturing Group in 2016 as Financial Controller of Hume Cemboard Industries Sdn Bhd. He was the Chief Financial Officer of Hume Cement Industries Berhad from March 2018 prior to joining Malaysian Pacific Industries Berhad ("MPI") as Chief Financial Officer on 1 October 2023.

MR INDERJEET SINGH A/L PERTAP SINGH

General Manager, Carsem (M) Sdn Bhd, S-site

Age 54, Male, Malaysian

Mr Inderjeet Singh A/L Pertap Singh graduated from University of Leicester, United Kingdom ("UK") with a Bachelor of Electrical & Electronic Engineering.

Mr Inderjeet Singh started his career with Carsem (M) Sdn Bhd ("Carsem") as a fresh Process Engineer in September 1991. He was involved in various engineering and operational functions in Carsem and has consolidated and improved the productivity of a production line. He was promoted as Operation Manager in 2008.

Mr Inderjeet Singh held various management positions within Carsem Group prior to his appointment as General Manager of Carsem, S-site on 1 September 2011.

MR MURALITHARAN A/L KALIPARMAL

General Manager, Carsem (M) Sdn Bhd, M-site

Age 50, Male, Malaysian

Mr Muralitharan A/L Kaliparmal graduated from University of Louisiana at Lafayette, the United States of America with a Bachelor of Science in Mechanical Engineering. He also holds a Six Sigma Green Belt certification.

Mr Muralitharan has more than 23 years of hands-on experience in a multinational semiconductors and electronic company. He led company-wide operational functions, managed sub-contractor factories and large-scale projects from inception to completion.

Mr Muralitharan started his career with Motorola Malaysia which was spin-off to become Freescale Semiconductor Malaysia Sdn Bhd and later merged with NXP Semiconductors Malaysia Sdn Bhd. He held various senior management positions in manufacturing operations, new products introduction and equipment technology strategy and global key strategic projects.

Mr Muralitharan was appointed as General Manager of Carsem, M-site on 1 December 2022.

Profile of Key Senior Management

(Cont'd)

MR LEE CHOE KHEAN

Head of China Operations, Carsem Semiconductor (Suzhou) Co., Ltd and Carsem Advanced Technology (Suzhou) Co., Ltd

Age 56, Male, Malaysian

Mr Lee Choe Khean graduated from Northern University of Malaysia with a Bachelor of Public Administration.

Mr Lee started his career in National Semiconductor Sdn Bhd as Production Executive in 1991. Subsequently, he joined Carsem in 1992 where he moved from production control planning to logistics. Mr Lee has built up his solid foundation in the area of production control, planning and scheduling, covering both assembly and test as well as materials management during his first 10 years in Carsem. In 2004, Mr Lee was transferred to Carsem Semiconductor (Suzhou) Co., Ltd ("Carsem Suzhou") as its Senior Supply Chain Manager. The last 12 years of challenges in the start-up of Carsem Suzhou have broadened his management scope.

Mr Lee was appointed as General Manager of Carsem Suzhou on 15 August 2015 and was promoted as Head of China Operations on 1 January 2022.

MR RAYMOND SHI YAN

General Manager, Carsem Semiconductor (Suzhou) Co., Ltd

Age 49, Male, Chinese

Mr Raymond Shi Yan graduated from China Southeast University with a Bachelor in Mechanics-Electronics Engineering. He also holds Master of Science in both Manufacturing System Engineering and Computer Science from University of Hertfordshire, UK.

Mr Raymond Shi has more than 20 years of experience in semiconductor industry, involved in various operations, engineering, research & development ("R&D"), quality assurance, information technology ("IT") and sales & marketing management. He started his career in Knowles Electronics (Suzhou) Co., Ltd, which is a world leader on microphones and hearing aids. Mr Raymond Shi joined Carsem Suzhou in 2003. He was promoted as Senior Operations Director in 2016. He was responsible for assembly & test operations, sales, customer service and R&D of Carsem Suzhou.

Mr Raymond Shi was appointed as General Manager of Carsem Suzhou on 1 January 2022.

MR LAI SEAN LEONG

General Manager, Dynacraft Industries Sdn Bhd

Age 58, Male, Malaysian

Mr Lai Sean Leong graduated from University Sains Malaysia with a Bachelor of Science in Physic & Computer Science (Minor).

Mr Lai began his career in 1990 as Process Engineer with National Semiconductor Sdn Bhd before joining the Hong Leong Group in 1991 where he worked as Process Engineer with Carsem. He has served in various engineering and operations roles within Carsem including setting up and managing a new SC70/79 product line in 1999 and leading IT modernisation project in 2002. He was seconded as Operation Manager to China in 2004 to assist in setting up the Carsem Suzhou factory. He was transferred to Southern PC Sdn Bhd in 2014 as General Manager and subsequently took on the position of Digital Transformation General Manager in 2020.

Mr Lai was transferred to Dynacraft Industries Sdn Bhd as General Manager on 1 January 2022.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***
   None of the Key Senior Management has any family relationship with any Director and/or major shareholder of MPI.
2. ***Conflict of Interest or Potential Conflict of Interest***
   None of the Key Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business with MPI and its subsidiaries.
3. ***Conviction of Offences***
   None of the Key Senior Management has been convicted of any offences (excluding traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2023.

GOVERNANCE

Corporate Governance Overview Statement, Risk Management and Internal Control

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors of Malaysian Pacific Industries Berhad ("the Company") ["Board"] is pleased to present this statement with an overview of the corporate governance ("CG") practices of the Group which supports the three (3) key principles of the Malaysian Code on Corporate Governance ("MCCG"), namely Board leadership and effectiveness, effective audit and risk management, and integrity in corporate reporting and meaningful relationship with stakeholders.

The Corporate Governance Report 2023 of the Company in relation to this statement is published on the Company's website at www.mpind.my ("Website").

BOARD LEADERSHIP AND EFFECTIVENESS

A. Roles And Responsibilities Of The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("TOR") to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Website. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and broad strategies, overseeing and evaluating the conduct of the Group's businesses, identifying principal risks and ensuring the implementation of appropriate systems to manage those risks, and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

The day-to-day business of the Group is managed by the Group Managing Director ("GMD") who is assisted by the management team. The GMD and his management team are accountable to the Board for the performance of the Group. In addition, the Board delegates certain of its responsibilities to Board Committees, which operate within clearly defined TOR primarily to support the Board in the performance of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit & Risk Management Committee ("BARMC"). The Nominating Committee ("NC") is delegated the authority to, inter alia, assess and review Board, Board Committees and Chief Executive appointments and/or re-elections, and assess and evaluate the performance of the Board, Board Committees and Chief Financial Officer ("CFO"). Although the Board has granted such authority to Board Committees, the ultimate responsibility and the final decision rest with the Board. The Chairmen of Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the GMD. This division of responsibilities between the Chairman and the GMD ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

The GMD is responsible for formulating the vision and recommending policies and the strategic direction of the Group for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, providing management of the day-to-day operations of the Group and tracking compliance and business progress.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. Roles And Responsibilities Of The Board (cont'd)

Independent Non-Executive Directors ("ID" or "IDs") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of IDs' independent judgment or their ability to act in the best interest of the Company and its shareholders.

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement which forms part of the Annual Report.

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia ("CCM"), which has been adopted by the Board and published on the Website.

B. Board Composition

The Board currently comprises six (6) Directors, four (4) of whom are IDs. The profiles of the members of the Board are set out in the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") ("MMLR") in determining its Board composition. The policy includes the following:

- The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation.
- The Board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of IDs comprising at least half of the Board.
- The Board shall comprise at least one (1) woman Director.
- Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate. In line with gender diversity, there are two (2) women Directors, representing 33% of women participation, on the Board.

Based on the review of the Board composition in August 2023, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees

Board Committees have been established by the Board to assist in the discharge of its duties.

- BARMC

  The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial year ("FY") ended 30 June 2023 ("FY 2023") are set out in the Board Audit & Risk Management Committee Report in the Annual Report.

  The TOR of the BARMC are published on the Website.

- NC

  The NC was established on 29 April 2013 and its TOR are published on the Website.

  The composition of the NC is as follows:

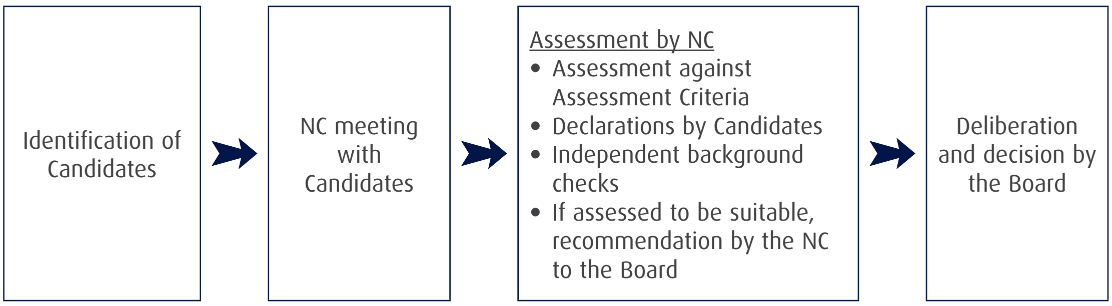
  Dr Tunku Alina Binti Raja Muhd Alias
  Chairman, Independent Non-Executive Director

  YBhg Dato' Mohamad Kamarudin Bin Hassan
  Independent Non-Executive Director

  Ms Foo Ai Li
  Independent Non-Executive Director

  (i) New Appointments

  The nomination, assessment and approval process for New Appointments, in accordance with the Directors' Fit and Proper Policy, shall be as follows:



  All candidates to the Board are assessed by the NC prior to their appointments, taking into account the assessment criteria, inter alia, the candidates' character and integrity, the strategic and effective fit of the candidates for the Board, the overall desired Board composition including Board diversity and the required mix of skills, expertise, knowledge and experience in the industry, market and segment to enhance the Board's overall effectiveness and having regard to the candidates' attributes, qualifications, management, leadership, business experience, independence and time commitment, before they are recommended to the Board for approval. The Company maintains a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with Director databases in its search for suitable Board candidates.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. **Board Committees** (cont'd)

- NC (cont'd)

(i) New Appointments (cont'd)

In evaluating any new appointment of senior management ("SM"), the Company is guided by the Hong Leong Group Recruitment Policy where all potential candidates are given equal opportunity regardless of gender, race, and religion and/or whether or not one has disability. SM positions are awarded based on qualifications, experience and potential.

In the case of Chief Executive, the NC will take into account the candidate's knowledge and experience in the industry, market and segment.

(ii) Re-election

The assessment and approval process for re-election of Directors as set out in the Directors' Fit and Proper Policy are as follows:

Assessment by NC • Assessment against Assessment Criteria • Declarations • If assessed to be suitable, recommendation by the NC to the Board	➔	Deliberation and decision by the Board

The Chairman, Directors and Chief Executive will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations, time commitment as well as the Annual Board Assessment (as defined below) results, fit and proper declaration, and assessment in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity, contributions during the term of office, attendance at Board meetings, and for IDs, their continued independence.

(iii) Removal

For removal of Directors, the Company shall carry out such removal in accordance with the provisions of the Companies Act 2016 ("Act") and any other relevant regulatory requirements. The NC may recommend to the Board the removal of a Director who is ineligible, disqualified, incapacitated or who has failed in the discharge of fiduciary duties.

(iv) Board Committee Appointments

The nomination, assessment and approval process for appointments to Board Committees ("Board Committee Appointments") is as follows:

Identification of Directors for Board Committees membership	➔	Assessment by NC • Assessment against Assessment Criteria • If assessed to be suitable, recommendation by the NC to the Board	➔	Deliberation and decision by the Board

In line with the Directors' Fit and Proper Policy, the assessment for Board Committee Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC (cont'd)

In addition, a formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, Board Committees as a whole and the contribution and performance of each individual Director, Board Committee member, Chief Executive and CFO on an annual basis ("Annual Board Assessment"). For newly appointed Chairman, Directors, Chief Executive and CFO, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one (1) year of service.

For management succession planning, it has been embedded in the Group's process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

The NC meets at least once in each FY and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions.

The NC met once during FY 2023 and all the NC members attended the meeting.

The NC discharged its duties in accordance with its TOR during FY 2023. The NC considered and reviewed the following:

- Policies on Board Composition and Independence of Directors and revised Nominating Committee Charter and policies on Board Diversity, Directors' Training and Directors' Fit and Proper;
- Nominating Committee Report;
- composition of the Board and Board Committees;
- mix of skills, professional qualification, experience and other qualities of Directors including gender, ethnicity and age balance;
- independence of IDs and their tenure;
- training undertaken by Directors and recommendation of training programmes for Directors; and
- re-election of Director.

Having reviewed the Board composition, the NC was satisfied that the current Board comprises a good mix of skills and that the current size and composition of the Board are appropriate and effective in discharging its functions. The NC took cognisance of the merits of Board diversity, including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

The NC has also evaluated the performance of the Board, Board Committees, each individual Director, each Board Committee member and the CFO, benchmarking their respective TOR and assessment criteria, and through the annual assessment conducted during FY 2023. The NC was satisfied that they have continued to operate effectively in discharging their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions.

- Remuneration Committee ("RC")

The Company does not have a RC. The Board is of the view that it is not necessary for the Company to establish a RC for the time being given the current size of the Board. The Board as a whole functions as the RC.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

D. Remuneration

The Group's remuneration scheme for Executive Directors ("EDs") and SM is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them.

The remuneration packages of EDs and key SM ("Key SM") are reviewed by the entire Board. EDs and Key SM shall not participate in the deliberations and shall vacate the meeting room during deliberations of their remuneration packages. The Board, in assessing and reviewing the remuneration packages of EDs and Key SM, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of Directors are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM").

The detailed remuneration of each Director is set out in the Corporate Governance Report which is published on the Website.

Hong Leong Manufacturing Group adopts Hong Leong Group's total compensation philosophy which promotes high performing culture, alignment of corporate values and vertical and horizontal equity. The rewards strategy focuses on providing a competitive remuneration and benefits package, as well as ample career progression opportunities for employees.

The rewards framework focuses on a balanced and right pay mix to achieve the desired long term business performance. The framework includes base pay, cash allowances, performance-based variable pay, long term incentives, benefits and other employees' programmes.

The rewards framework ensures that employees are paid competitively against the industry and talent market the company is operating in, delivered via a combination of cash and non-cash elements such as shares or share-linked instruments.

Key performance indicators and key results areas of employees are measured and tracked diligently to ensure strong alignment of employee output to the overall business strategy and direction of the Company.

E. Independence

The Board takes cognisance of the provisions of the MCCG, which states that the tenure of an ID should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an ID may continue to serve on the Board subject to the Director's re-designation as a Non-ID. It further states that in the event the Board wishes to retain an ID who has served a cumulative term of nine (9) years and above, shareholders' approval shall be annually sought with justification through a two-tier voting process.

The Company has in place an Independence of Directors Policy ("ID Policy") which sets out the criteria for assessing the independence of IDs. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops. The ID Policy states that the tenure of an ID shall not exceed a cumulative term of nine (9) years from the date of his or her first appointment in the Company.

The IDs have declared their independence, and the NC and the Board have determined, at the annual assessment carried out, that the IDs have continued to bring independent and objective judgment to Board deliberations and decision making.

The tenure of all the IDs on the Board does not exceed nine (9) years.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

F. Commitment

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Board meetings are scheduled ahead in order to enable full attendance at Board meetings. The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each FY pursuant to the MMLR.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, among others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of qualified and competent Company Secretaries to facilitate the discharge of their duties effectively. The Company Secretaries are qualified to act under Section 235 of the Act. They are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and hold practising certificates issued by CCM. The Company Secretaries support the effective functioning of the Board, provide advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitate effective information flow among the Board, Board Committees and SM. The Company Secretaries attend programmes and seminars to keep themselves abreast with, inter alia, regulatory requirements, company law and CG.

All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any Director who has an interest in the subject matter to be deliberated shall abstain from deliberating and voting on the same during the meetings.

The Board met four (4) times during FY 2023 with timely notices of issues to be discussed. Details of attendance of each Director are as follows:

Directors	Attendance
YBhg Datuk Kwek Leng San	4/4
Mr Manuel Zarauza Brandulas	4/4
Ir. Dennis Ong Lee Khian	4/4
YBhg Dato' Mohamad Kamarudin Bin Hassan	4/4
Dr Tunku Alina Binti Raja Muhd Alias	4/4
Ms Foo Ai Li	4/4

The Company recognises the importance of continuous professional development and training for its Directors.

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme which may include visits to the Group's business operations, is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to, amongst others, the industry or business of the Company, governance, risk management, accounting, laws and regulations through a combination of courses, conferences and workshops. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") Part I. In line with the recent amendments to MMLR in relation to sustainability training for Directors, the Directors of the Company have been advised to complete MAP Part II within the prescribed timeframe.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

F. Commitment (cont'd)

The Company organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

In assessing the training needs of Directors, upon recommendation by the NC, the Board has determined that appropriate training programmes covering matters on CG, finance/accounting, legal and regulatory framework, risk management, internal control, information technology, cyber security, anti-bribery and corruption, environmental, social and governance ("ESG"), industry-related and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During FY 2023, the Directors received regular briefings and updates on the Group's businesses, strategies, operations, risk management and compliance, internal controls, CG, finance/accounting, information technology, anti-bribery and corruption management, ESG and any changes to relevant legislation, rules and regulations from in-house professionals. In-house programmes/briefings were also organised for the Directors and SM of the Company.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

During FY 2023, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- A 60 Minute Crisis Management: A Guide For The Board
- Anti-Bribery & Anti-Corruption Governance
- ASEAN Australian Engineering Congress: Engineering Solutions in the Age of Digital Disruption
- Breaking The Glass Ceiling: Conscious And Confident Leadership
- Board Effectiveness Evaluation – Post Launch Workshop
- Chair Masterclass
- CFO Circle Event – Navigating ESG Priorities and Enhanced Sustainability Disclosure
- ChatGPT Workshop
- Climate Action for Resilience and Competitiveness: Being A Business of Choice in A Low Carbon Economy
- Complete Introduction To Excel Pivot Tables (2022)
- Corporate Governance & Remuneration Practices For The ESG World
- Cracking the Code: innovation for a gender equal future
- Data Literacy & Analytics For Business Leaders
- Data Visualisation Course
- Developments and Issues Surrounding the Application of Istihalah in Pharmaceuticals
- Dialogue With Bursa Malaysia FTSE4GOOD ESG Rating For All PLCs
- Engineering designs for maximum energy efficiency of an electronics manufacturing plant
- Engineering Workforce Initiative and Future Now Programme
- Executive Education Programme
- Financial Fraud & Forensics Conference 2023
- Forum – AI in Accounting: Threat or Opportunity?
- Gen Z and the Future for Accountancy
- Global Minimum Tax's Implementation In Malaysia
- Green Build Conference 2022
- Healthcare trends and implications
- Investor Expectations And Stewardship BNPP AM Learning Lunch Series
- Introduction to Cyber Security
- IQVIA on the Malaysia Pharma Industry
- Key Drivers for Climate Change Related Financial Disclosures: TCFD Framework & TCFD Recommended Disclosures
- Mergers & Acquisitions
- Mergers & Acquisitions as a Strategic Initiative for Corporate Growth
- Model Structure For PPP In Social Infrastructure Projects
- Navigating Through The Evolution Of Corporate Governance With The Introduction Of Tax Corporate Governance Framework
- Overview Of Voluntary Carbon Market And Bursa Carbon Exchange
- Rise of the Chatbots – Artificial Intelligence and the Future of Accounting
- Realigning KPIs And Performance Monitoring: From the Board's Lens
- Stakeholder Engagement
- Sustainable Investing: From Aspirational To Attainable
- The DNA Of Future Chairs In Conjunction With Malaysia Global Boardroom Program Launch
- Transforming Your Business With Data
- Unlocking Greater Sustainability Reporting Assurance
- 3rd FutureCFO Conference Malaysia
- 30% Club Diversity, Equity And Inclusion Workshop

Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

G. Strengthening CG Culture

- **Code of Conduct and Ethics**

  The Group is committed to good business ethics and integrity as set out in the Hong Leong Manufacturing Group Code of Conduct and Ethics ("HLMG Code"). To this, the Group commits to a high standard of professionalism and ethics in the conduct of business and professional activities.

  The HLMG Code is applicable to:

  - all employees who work in the Group across the jurisdictions in which the Group operates – including but not limited to permanent, part-time and temporary employees; and
  - any other persons permitted to perform duties or functions within the Group – including but not limited to vendors, service providers, contractors, secondees, interns, industrial attachment and agency staff.

- **Anti-Bribery and Corruption Policy**

  The Group has adopted ISO 37001:2016 as its Anti-Bribery and Corruption Management System to provide a strong framework to prevent its employees, Directors, partners or persons who perform services for or on behalf of the Group from undertaking corrupt practices in relation to its business activities. The Anti-Bribery and Corruption Policy, published on the Website, outlines the Group's commitment to conducting business ethically in compliance with all applicable anti-bribery and corruption laws of every country in which the Group operates.

  Reports of any concern or suspicion may be made to the Head of Internal Audit or Head of Human Resources.

- **Whistleblowing Policy**

  The Company has a Whistleblowing Policy and it provides a structured channel for all employees of the Group to report any concern on any improper conduct or wrongful act committed within the Group. The Whistleblowing Policy is published on the Website.

  The Board has identified the Chairman of the BARMC to whom reports of any such concerns may be conveyed.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Accountability And Audit

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all IDs. The primary responsibilities of the BARMC are set out in the Board Audit & Risk Management Committee Report.

The BARMC is supported by the Group Internal Audit Department ("GIAD") whose principal responsibilities are to conduct risk-based audits to ensure that adequate and effective controls are in place to mitigate risks, operational audits to identify opportunities for operational improvement, and also ensure compliance with standard operating procedures of the Group.

Investigation or special review will be carried out at the request of the BARMC and SM on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

I. Financial Reporting

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

II. Directors' Responsibility In Financial Reporting

The MMLR require the Directors to prepare a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements and the Act requires the Directors to make a statement stating whether in their opinion, the audited financial statements are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and of the financial performance of the Group and of the Company for the FY.

The Directors of the Company are satisfied that the financial statements of the Group and of the Company for FY 2023 have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Act in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

III. Risk Management and Internal Control

The Statement on Risk Management and Internal Control ("SORMIC") provides an overview of the system of internal controls and risk management framework of the Group.

- Responsibility of the Board

  The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets. The Board adopts MS ISO 31000:2010 as its risk management framework.

  Accordingly, the Board has entrusted the BARMC to provide oversight of the system of internal controls and risk management framework. The BARMC is assisted by the GIAD in this role.

- Risk Management Framework

  For FY 2023, management has structured the risk management framework using MS ISO 31000:2010. Based on the framework, management has carried out the following:

  - establish the context of risk in relation to the Group's risk appetite, i.e. how risks are perceived and the levels at which they are acceptable or otherwise;
  - identify risks in relation to the objectives of every business function of the Group's operating companies;
  - identify emerging risks faced by the Group in the operating environment of its various industries;
  - assess the likelihood and impact of such risks identified, using qualitative and also quantitative measures where applicable, to determine the risk level, i.e. "Severe", "Major", "Significant", "Minor" or "Trivial";
  - evaluate the severity of the risks and their treatment options to set priority of management's attention and devise appropriate actions to avoid, share, retain or mitigate risks within reasonable timeframes; and
  - record the details of risks and treatment plans in the risk registers and present to the BARMC quarterly to review the adequacy and effectiveness of the risk management measures.

  For bribery and corruption risks, the Group has adopted the Anti-Bribery Management System ("ABMS") under the ISO 37001:2016 and the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 to prevent, detect and respond to bribery and corruption risks. The Company and its local core subsidiaries have been certified for ISO 37001:2016 (ABMS) by SIRIM QAS International Sdn Bhd. In addition, the Company's core subsidiary operating in the People Republic of China has also been certified for the ISO 37001:2016 (ABMS) by Shanghai Ingeer Certification Assessment Co Ltd.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control (cont'd)

- Risk Management Framework (cont'd)

  Further, on an ongoing basis, each operating company's Chief Executive and authorised risk owners have clear accountabilities to:

  - monitor its existing risks, identify emerging risks and update the enterprise-wide risk registers;
  - maintain the adequacy, effectiveness and relevance of action plans and control systems to manage risks; and
  - prepare risk management reports on a quarterly basis for reporting to the BARMC.

- System of Internal Controls

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

  - A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for all aspects of the business and operations. The management of the Group's operating companies own and manage risks and they are responsible for implementing controls to mitigate the risks pertaining to all aspects of the business and operations.
  - Documented corporate policies and procedures covering various aspects of the business and operations of the Group.
  - Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
  - Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
  - Internal control assurance activities such as self-audits and completion of internal control questionnaires undertaken by management of the operating companies. These activities are part of the Group's risk and control assurance framework, provide the breadth in risk and control assurance, and demonstrate management's commitment to effective risk management.
  - Risk-based internal audits carried out by the GIAD focusing on key risk areas which are selected from the Group's audit universe. The key risk areas are documented in the annual audit plan which is approved by the BARMC. The risk-based internal audits in FY 2023 covered custodian policy compliance, tender and procurement function, production, quality assurance management and capital expenditure management.
  - Quarterly reporting to the BARMC on the results of control assurance and audit activities, and also the management of risks throughout the Group.

- Management and Decision-Making Processes

  The internal control and risk management processes of the Group are in place for FY 2023 and up to the date of approval of the SORMIC for inclusion in the annual report, and reviewed quarterly by the BARMC. The BARMC reviews the principal risks, significant audit observations and/or areas for improvement and ascertains that appropriate remedial actions or improvements are taken by the management of the Group's operating companies. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

  The Board has received assurance from the GMD and CFO that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control (cont'd)

- Review of the SORMIC by External Auditors

  Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed the SORMIC pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the 2023 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the SORMIC factually inaccurate. AAPG 3 does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

- Board's Opinion

  The Board, through the BARMC, is of the view that the Group's risk management framework and system of internal controls are adequate and effective in safeguarding the shareholders' investments and the Group's assets.

IV. Relationship with Auditors

The Board, through the BARMC, maintains a formal and transparent professional relationship with the external auditors, KPMG PLT. The appointment of external auditors and their fees are recommended by the BARMC. The BARMC reviews the performance, suitability, independence and objectivity of the external auditors annually. The BARMC also reviews the nature and fees of non-audit services provided by the external auditors in assessing the independence of the external auditors. In accordance with the MIA's By-Laws, KPMG PLT rotates its Engagement Partner and Engagement Quality Control Review Partner once every seven (7) years to ensure objectivity, independence and integrity of the audit opinions.

The external auditors meet with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit, including key audit matters, as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the external auditors without the presence of SM.

For FY 2023, the BARMC members together with the CFO undertook an annual assessment on the performance, suitability, independence and objectivity of the external auditors. No major concerns were noted from the results of the assessment. The external auditors also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement and the internal processes undertaken by them to determine their independence.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A. Disclosure

The Company has in place a Corporate Disclosure Policy for compliance with the disclosure requirements set out in the MMLR, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the Website after release to Bursa.

Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

B. Shareholders

I. Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, corporate governance reports, circulars to shareholders, quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Website, Bursa's website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

Shareholders can access the Company's information at the Website which includes the Board Charter, TORs of Board Committees, corporate information, announcements/press releases/briefings, financial information, products information and investor relations. Minutes of AGM and a summary of the key pertinent matters discussed at the AGM are also published on the Website.

In addition, shareholders and investors can have a channel of communication with the Company Secretary to direct queries and provide feedback to the Group.

Queries may be conveyed to the following person:

Name	: Ms Wong Wei Fong
Tel No.	: 03-2080 9200
Fax No.	: 03-2080 9238
Email address	: IRelations@mpind.my

II. AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to attend and vote on all resolutions. Directors, CFO, SM and the external auditors are also available to respond to shareholders' queries during the AGM. All Directors of the Company attended the AGM held on 2 November 2022. Minutes of AGM and a summary of the key pertinent matters discussed at the said AGM are published on the Website.

Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions tabled at general meetings will be put to a vote by way of a poll and the voting results will be announced at the meetings and through Bursa.

The Company has adopted electronic voting for the conduct of poll on all resolutions at the AGM.

This Corporate Governance Overview Statement, Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors.

GOVERNANCE

Board Audit & Risk Management Committee Report

CONSTITUTION

The Board Audit & Risk Management Committee ("the Committee") of Malaysian Pacific Industries Berhad ("MPI" or "the Company") was established on 12 July 1994.

COMPOSITION

The composition of the Committee is as follows:

Ir. Dennis Ong Lee Khian
Chairman, Independent Non-Executive Director

YBhg Dato' Mohamad Kamarudin Bin Hassan
Independent Non-Executive Director

Ms Foo Ai Li
Independent Non-Executive Director

SECRETARY

The Secretary(ies) to the Committee shall be the Company Secretary(ies) of MPI.

AUTHORITY

The Committee is authorised by the Board of Directors ("Board") to review any activity of the Group within its Terms of Reference ("TOR"), details of which are available on the Company's website at www.mpind.my. The Committee is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least four (4) times in each financial year ("FY") and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager, Group Managing Director and senior management may attend Committee meetings, at the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

Two (2) members of the Committee shall constitute a quorum and the majority of members present must be Independent Directors.

After each Committee meeting, the Chairman of the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

Board Audit & Risk Management Committee Report

(Cont'd)

ACTIVITIES

An annual assessment on the performance and effectiveness of the Committee and each of its members for FY ended 30 June 2023 ("FY 2023") was carried out by the Nominating Committee ("NC"). The NC and the Board are satisfied that the Committee and its members had carried out their duties in accordance with the Committee's TOR.

During FY 2023, four (4) Committee meetings were held and the attendance of the Committee members was as follows:

Members	Attendance
Ir. Dennis Ong Lee Khian	4/4
YBhg Dato' Mohamad Kamarudin Bin Hassan	4/4
Ms Foo Ai Li	4/4

The Committee carried out the following key activities during FY 2023:

- Reviewed and recommended to the Board for approval, the annual financial statements of the Group and of the Company, drawn up in accordance with the relevant accounting standards, laws and regulations so as to give a true and fair view of the financial position of the Group and of the Company.
- Reviewed and recommended to the Board for approval, the quarterly reports focusing on any changes in accounting policies and practices, significant adjustments arising from the audits and the going concern assumptions to ensure compliance with relevant accounting standards, laws and regulations.
- Reviewed the impact and risks on the businesses of the Group arising from the China's zero-Covid policy, global semiconductor chips and labour shortage, Russo-Ukrainian War etc. and the challenges ahead.
- Assessed the performance, suitability, independence and objectivity of the external auditors, taking into consideration factors such as quality of service, adequacy of experience and resources of the firm and the professional staff assigned to the audit, and communication and interaction, and made recommendation to the Board for shareholders' approval on the re-appointment of the external auditors.
- Reviewed and recommended to the Board for approval, the audit fees and non-audit fees payable to the external auditors in respect of services provided to the Group. Further reviewed the provision of non-audit services by the external auditors to ascertain whether such provision of services would impair the external auditors' independence or objectivity. Details of non-audit fees incurred by the Group for FY 2023 are stated in the notes to the annual financial statements.
- Reviewed with the external auditors, the audit plan for FY 2023, nature and scope of the audit, considered significant changes in accounting and auditing issues, where relevant, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards.
- Held two (2) separate sessions with the external auditors, without the presence of senior management to discuss all major issues, including co-operation of Group's officers rendered to the external auditors. During the separate sessions, no critical issues were raised.
- Discussed with the external auditors, the potential key audit matters and other significant audit matters identified by the external auditors.
- Reviewed and approved the annual internal audit scope and plan.
- Assessed the performance of the internal audit function as well as the adequacy and competency of internal audit resources.
- Reviewed the internal audit findings and investigation reports, and recommendations, including management responses, progress status and updates of management's action plans on internal audit's findings and recommendations thereto.
- Received and deliberated on the whistleblowing reports and further steps to be taken.
- Reviewed and recommended to the Board for approval, the Anti-Bribery And Corruption Policy, Hong Leong Manufacturing Group Anti-Bribery And Corruption Management System Manual, Whistleblowing Policy and Whistleblowing Communications Plan And Investigation Procedures.
- Reviewed the adequacy and integrity of internal control systems, including risk management covering areas on compliance, operational and financial and relevant management information system, including the processes in place to identify, evaluate and manage the significant risks encountered by the Group.

Board Audit & Risk Management Committee Report

(Cont'd)

ACTIVITIES (cont'd)

- Reviewed and recommended to the Board for approval, the Internal Audit Charter and revised Board Audit & Risk Management Committee Charter.
- Reviewed the Policy and Procedures of Recurrent Related Party Transactions ("Procedures") and various recurrent related party transactions ("RRPT") carried out by the Group to ensure that the Procedures are adequate to monitor, track and identify RRPT in a timely and orderly manner, and are sufficient to ensure that the RRPT are conducted on commercial terms consistent with the Group's usual business practice and policies and on terms not more favourable to the related parties than those generally available to and/or from the public.
- Reviewed the proposed mandate for RRPT with various related parties prior to the Board's recommendation for shareholders' approval.
- Reviewed the Statement on Risk Management and Internal Control ("SORMIC") of the Group and received the report of the external auditors in respect of their review on the SORMIC prior to the Board's approval for inclusion in the Company's Annual Report.
- Reviewed and recommended to the Board for approval, the Board Audit & Risk Management Committee Report for inclusion in the Company's Annual Report.
- Acted as Governing Body of Anti-Bribery and Corruption Management System ("ABCMS") and reviewed the Governing Body Report comprised ABCMS activities, progress updates on the Group's ISO 37001:2016 Anti-Bribery Management System surveillance audit, bribery and corruption risk assessment and ABCMS internal audit report, on a quarterly basis.

INTERNAL AUDIT ("IA")

The IA function is carried out in-house by the Group IA Department ("GIAD") of HLMG Management Co Sdn Bhd, a wholly-owned subsidiary of Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). The provision of the IA services is part of the shared services of companies within the HLMG Group. As at 30 June 2023, there were eleven (11) staff in the GIAD and the total cost incurred by the GIAD for FY 2023 amounted to RM2,749,397.

The purpose, authority, scope, independence and responsibilities of IA function are provided in the Internal Audit Charter, which is approved by the Committee.

The GIAD, led by the Head of IA, reports to the Committee which has the authority to decide among others, the appointment and removal; scope of work; and performance evaluation of the IA function. Dr Teh Boon Ang has been appointed as Head of IA since 1 July 2017. Dr Teh is a Professional Member of the Institute of Internal Auditors ("IIA") Malaysia and holds the qualifications of Doctorate of Business Administration, Master of Criminal Justice, Certified Internal Auditor and Certified Fraud Examiner. The Committee is satisfied that the Head of IA has the relevant experience and sufficient standing and authority to discharge his duties as Head of IA.

The GIAD supports the Committee in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Group. The GIAD also challenges and adds value to the efficiency, effectiveness and economy of operating companies' operations; usage of assets and resources; and the integrity of management information systems. In doing so, the IA function is performed with impartiality, proficiency and due professional care. The GIAD has received co-operation in the performance of their work and do not have any disagreement that may have adverse impact on the audit process or findings.

All the IA personnel had declared to the Committee that they are free from any relationships or conflicts of interest which would impair their impartiality or objectivity. The Committee had undertaken an assessment on the performance of the GIAD for FY 2023 whereby it is satisfied with the performance of the GIAD. The Committee had also reviewed the GIAD's resources, in particular the qualifications, experience and designations of all the IA personnel. As their continuous professional development, the IA personnel had kept abreast with developments in the profession, industry and regulations by attending internal and external training courses. The Committee is hence satisfied with the competency of the GIAD and that it has adequate resources to carry out its functions.

Board Audit & Risk Management Committee Report

(Cont'd)

INTERNAL AUDIT ("IA") (cont'd)

The annual audit plan prepared by the GIAD is submitted to the Committee for review and approval. Internal audits are carried out as per the approved annual audit plan. IA reports are discussed and issued to management for their feedback and to formulate action plans with target implementation dates for improvements. Any resulting salient control concerns are reviewed by the Committee, and the implementation status of audit recommendations are monitored and reported to the Committee on a quarterly basis. The areas of IA's review during FY 2023 are described in the SORMIC.

The GIAD also facilitates the maintenance of the risk management framework of the Group on an ongoing basis.

The GIAD applies appropriate auditing standards in assessing the integrity and effectiveness of internal controls and compliance with the established policies and procedures; and is committed to continuously monitoring and improving the IA function. In FY 2023, the IIA Malaysia was engaged as the external assessor to conduct Quality Assessment Review on GIAD in ascertaining whether the activities and performances are in conformance with the requirements of the International Professional Practices Framework issued by the IIA, Inc., USA.

The Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

Financial Statements

Directors' Report

For the financial year ended 30 June 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst the principal activities of the significant subsidiaries consist of manufacturing services of semiconductor packaging and testing, and manufacturing and sale of leadframes as disclosed in Note 3 to the financial statements.

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

ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company during the financial year and until the date of this report.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 3 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	61,334	98,065
Non-controlling interests	46,814	-
	108,148	98,065

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in Note 13 and Note 23 to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

(i) a first interim single tier dividend of 10 sen per share amounting to RM19,889,642 in respect of the financial year ended 30 June 2023 on 21 December 2022; and

(ii) a second interim single tier dividend of 25 sen per share amounting to RM49,724,105 in respect of the financial year ended 30 June 2023 on 21 June 2023.

The Directors do not recommend a final dividend for the financial year ended 30 June 2023.

Directors' Report

For the financial year ended 30 June 2023
(Cont'd)

DIRECTORS

Directors who served during the financial year until the date of this report are:

Company

YBhg Datuk Kwek Leng San*, Chairman
Mr Manuel Zarauza Brandulas*, Group Managing Director
Ir. Dennis Ong Lee Khian
YBhg Dato' Mohamad Kamarudin Bin Hassan
Dr Tunku Alina Binti Raja Muhd Alias
Ms Foo Ai Li

Subsidiaries

Encik Zia Bin Mohzani
Puan Nurhalini Azly Binti Minhat
Mr Cheah Wing Ket
Ms Cynthia Cheng
Ms Khor Sau Mooi
Mr Lee Choe Khean
Ms Mabel Cheung Mei Po
Ms Stella Lo Sze Man
Mr Tong Woei Luen

* These are also Directors of subsidiaries.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who have beneficial interests in the ordinary shares and/or redeemable convertible unsecured loan stocks over ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares/ordinary shares to be issued arising from conversion of redeemable convertible unsecured loan stocks#/ordinary shares received or to be received arising from vesting of share grant*			
	At 1.7.2022	**Acquired**	**Sold**	**At 30.6.2023**
Shareholdings in which Directors have direct interests				
Interests of YBhg Datuk Kwek Leng San in:				
Hong Leong Company (Malaysia) Berhad	160,895	-	-	160,895
Hong Leong Industries Berhad	2,632,500	-	-	2,632,500
Malaysian Pacific Industries Berhad	1,199,167	16,667 (1)	-	1,215,834
	33,333 *	-	(16,667) *(1)	16,666 *
Hong Leong Bank Berhad	536,000	-	-	536,000
Hong Leong Financial Group Berhad	654,000	-	-	654,000
Hume Cement Industries Berhad	3,921,600	-	-	3,921,600
	2,017,142 #	-	-	2,017,142 #

Directors' Report

For the financial year ended 30 June 2023

(Cont'd)

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares/ordinary shares to be issued arising from conversion of redeemable convertible unsecured loan stocks#/ordinary shares received or to be received arising from vesting of share grant*			
	At 1.7.2022	Acquired	Sold	At 30.6.2023
Shareholdings in which Directors have direct interests (cont'd)				
Interest of Mr Manuel Zarauza Brandulas in:				
Malaysian Pacific Industries Berhad	643,467	37,871 (1)	-	681,338
	2,306,946 *	33,233 *	(37,871) *(1)	2,302,308 *

Legend:

(1) Vesting of shares.

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received or become entitled to receive any benefit (other than fees, remuneration, other benefits and benefit-in-kind included in the aggregate amount of remuneration received or due and receivable by Directors as shown below or the fixed salary of full-time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 June 2023 are as follows:

	Group RM'000	Company RM'000
Directors of the Company:		
Fees	588	548
Remuneration and other benefits	42,986	-

There were no arrangements during and at the end of the financial year which had the object 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.

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares and debentures of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

Directors' Report

For the financial year ended 30 June 2023

(Cont'd)

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of Hong Leong Manufacturing Group Sdn Bhd, together with its subsidiaries (the "Group" which includes Malaysian Pacific Industries Berhad and its subsidiaries and where applicable, associated companies) are covered under the Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, *inter alia*, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the Directors and Officers of the Group was RM10 million. The total amount of premium paid for the Directors and Officers Liability Insurance by the Group was RM63,481 and the apportioned amount of the said premium paid by the Company was RM10,806.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading;

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

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Pursuant to Section 247(7) of the Companies Act 2016, the Registrar of Companies has granted order authorising Carsem Semiconductor (Suzhou) Co., Ltd and Carsem Advanced Technology (Suzhou) Co., Ltd to continue their financial year end of 31 December, which does not coincide with that of the Company, its ultimate holding company, in accordance with and as required by the local regulations of its country of incorporation.

Directors' Report

For the financial year ended 30 June 2023

(Cont'd)

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM333,000 and RM40,500 respectively.

On behalf of the Board,

Manuel Zarauza Brandulas

Ir. Dennis Ong Lee Khian

28 August 2023

Statements of Financial Position

As at 30 June 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Property, plant and equipment	4	1,416,233	1,511,323	651	-
Right-of-use assets	5	47,298	52,285	-	-
Investment properties	6	27,026	27,897	-	-
Investments	7	46	46	432,133	432,133
Total non-current assets		1,490,603	1,591,551	432,784	432,133
Inventories	9	149,537	206,279	-	-
Trade and other receivables	10	318,871	356,139	991	102
Tax recoverable		4	62	4	-
Cash and cash equivalents	11	1,053,096	964,826	272,019	245,069
Total current assets		1,521,508	1,527,306	273,014	245,171
TOTAL ASSETS		3,012,111	3,118,857	705,798	677,304
Equity attributable to owners of the Company					
Share capital	12	352,373	352,373	352,373	352,373
Reserves	13	1,826,261	1,811,656	516,446	487,966
Treasury shares		(163,816)	(163,816)	(163,816)	(163,816)
		2,014,818	2,000,213	705,003	676,523
Non-controlling interests		345,570	321,568	-	-
TOTAL EQUITY		2,360,388	2,321,781	705,003	676,523
LIABILITIES					
Loans and borrowings	15	79,480	180,100	-	-
Deferred tax liabilities	8	6,936	2,269	-	-
Lease liabilities		21,788	23,566	-	-
Total non-current liabilities		108,204	205,935	-	-
Loans and borrowings	15	172,184	13,170	-	-
Lease liabilities		3,177	2,781	-	-
Trade and other payables, including derivatives	16	346,104	543,813	795	781
Current tax liabilities		22,054	31,377	-	-
Total current liabilities		543,519	591,141	795	781
TOTAL LIABILITIES		651,723	797,076	795	781
TOTAL EQUITY AND LIABILITIES		3,012,111	3,118,857	705,798	677,304

The notes on pages 127 to 186 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue					
- Sale of goods	17	2,044,600	2,414,156	-	-
- Dividend income	17	121	1,967	95,062	102,303
Cost of sales		(1,813,208)	(1,909,353)	-	-
Gross profit		231,513	506,770	95,062	102,303
Distribution expenses		(22,022)	(21,096)	-	-
Administrative expenses		(110,916)	(97,521)	(3,666)	(4,751)
Other operating income		81,508	68,971	138	1,268
Other operating expenses		(72,901)	(14,869)	(3)	-
Results from operations		107,182	442,255	91,531	98,820
Finance income	18	27,265	4,743	8,665	1,341
Finance costs	19	(10,119)	(7,619)	(1)	(1)
Profit before taxation	20	124,328	439,379	100,195	100,160
Taxation	21	(16,180)	(54,449)	(2,130)	(375)
Profit for the year		108,148	384,930	98,065	99,785
Profit attributable to:					
Owners of the Company		61,334	328,853	98,065	99,785
Non-controlling interests		46,814	56,077	-	-
		108,148	384,930	98,065	99,785
Basic/Diluted earnings per ordinary share (sen)	22	30.84	165.62		
Profit for the year		108,148	384,930	98,065	99,785
Other comprehensive (expense)/ income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
- Foreign currency translation differences for foreign operations		(19,469)	18,359	-	-
- Cash flow hedge		(168)	(4,763)	-	-
Total other comprehensive (expense)/income for the year	23	(19,637)	13,596	-	-
Total comprehensive income for the year		88,511	398,526	98,065	99,785
Total comprehensive income attributable to:					
Owners of the Company		41,805	343,756	98,065	99,785
Non-controlling interests		46,706	54,770	-	-
		88,511	398,526	98,065	99,785

The notes on pages 127 to 186 are an integral part of these financial statements.

Statements of Changes in Equity
For the year ended 30 June 2023

Group	Share capital	Other reserve	Hedging reserve	Exchange fluctuation reserve	Reserve for own shares	Executive share scheme reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company										
	Non-distributable							*Distributable*			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2021	352,373	50,496	(169)	108,412	(2,839)	2,734	(163,816)	1,350,499	1,697,690	287,045	1,984,735
Other comprehensive income/ (expense)											
- foreign currency translation differences	-	-	-	18,359	-	-	-	-	18,359	-	18,359
- cash flow hedge	-	-	(3,456)	-	-	-	-	-	(3,456)	(1,307)	(4,763)
Profit for the year	-	-	-	-	-	-	-	328,853	328,853	56,077	384,930
Total comprehensive income for the year	-	-	(3,456)	18,359	-	-	-	328,853	343,756	54,770	398,526
Contributions by and distributions to owners of the Company:											
- Dividends (Note 24)	-	-	-	-	-	-	-	(69,558)	(69,558)	(30,144)	(99,702)
- Share-based payment	-	-	-	-	-	29,868	-	-	29,868	9,897	39,765
- ESS trust shares vested	-	-	-	-	3,385	(3,336)	-	(49)	-	-	-
- Purchase of trust shares	-	-	-	-	(1,543)	-	-	-	(1,543)	-	(1,543)
Total transactions with owners of the Company	-	-	-	-	1,842	26,532	-	(69,607)	(41,233)	(20,247)	(61,480)
Transfer to other reserve	-	18,993	-	-	-	-	-	(18,993)	-	-	-
At 30 June 2022	352,373	69,489	(3,625)	126,771	(997)	29,266	(163,816)	1,590,752	2,000,213	321,568	2,321,781
	Note 12	Note 13	Note 13	Note 13	Note 13	Note 13		Note 13			

Statements of Changes in Equity

For the year ended 30 June 2023

(Cont'd)

Group	Share capital	Other reserve	Hedging reserve	Exchange fluctuation reserve	Reserve for own shares	Executive share scheme reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company										
	Non-distributable							Distributable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2022	352,373	69,489	(3,625)	126,771	(997)	29,266	(163,816)	1,590,752	2,000,213	321,568	2,321,781
Other comprehensive income/ (expense)											
- foreign currency translation differences	-	-	-	(19,469)	-	-	-	-	(19,469)	-	(19,469)
- cash flow hedge	-	-	(60)	-	-	-	-	-	(60)	(108)	(168)
Profit for the year	-	-	-	-	-	-	-	61,334	61,334	46,814	108,148
Total comprehensive income for the year	-	-	(60)	(19,469)	-	-	-	61,334	41,805	46,706	88,511
Contributions by and distributions to owners of the Company:											
- Dividends (Note 24)	-	-	-	-	-	-	-	(69,604)	(69,604)	(36,403)	(106,007)
- Share-based payment	-	-	-	-	-	42,404	-	-	42,404	13,699	56,103
- ESS trust shares vested	-	-	-	-	697	(980)	-	283	-	-	-
Total transactions with owners of the Company	-	-	-	-	697	41,424	-	(69,321)	(27,200)	(22,704)	(49,904)
Transfer to other reserve	-	5,606	-	-	-	-	-	(5,606)	-	-	-
At 30 June 2023	352,373	75,095	(3,685)	107,302	(300)	70,690	(163,816)	1,577,159	2,014,818	345,570	2,360,388
	Note 12	Note 13	Note 13	Note 13	Note 13	Note 13		Note 13			

Statements of Changes in Equity

For the year ended 30 June 2023

(Cont'd)

Company	Share capital	Reserve for own shares	Executive share scheme reserve	Treasury shares	Retained earnings	Total equity
	← Non-distributable			*→*	*Distributable*	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2021	352,373	(381)	278	(163,816)	457,916	646,370
Profit/Total comprehensive income for the year	-	-	-	-	99,785	99,785
Contributions by and distributions to owners of the Company:						
- Dividends (Note 24)	-	-	-	-	(69,610)	(69,610)
- Share-based payment	-	-	129	-	-	129
- ESS trust shares vested	-	476	(354)	-	(122)	-
- Purchase of trust shares	-	(151)	-	-	-	(151)
Total transactions with owners of the Company	-	325	(225)	-	(69,732)	(69,632)
At 30 June 2022/1 July 2022	352,373	(56)	53	(163,816)	487,969	676,523
Profit/Total comprehensive income for the year	-	-	-	-	98,065	98,065
Contributions by and distributions to owners of the Company:						
- Dividends (Note 24)	-	-	-	-	(69,613)	(69,613)
- Share-based payment	-	-	28	-	-	28
- ESS trust shares vested	-	28	(45)	-	17	-
Total transactions with owners of the Company	-	28	(17)	-	(69,596)	(69,585)
At 30 June 2023	352,373	(28)	36	(163,816)	516,438	705,003
	Note 12	Note 13	Note 13		Note 13	

Statements of Cash Flows

For the year ended 30 June 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before taxation		124,328	439,379	100,195	100,160
Adjustments for:					
Depreciation of property, plant and equipment		322,186	287,174	22	10
Depreciation of right-of-use assets		7,361	5,224	-	-
Depreciation of investment properties		871	893	-	-
Dividend income from unquoted subsidiaries		-	-	(94,941)	(100,336)
Dividend income from other investments					
- Recognised in revenue		(121)	(1,967)	(121)	(1,967)
- Recognised in other operating income		(1,785)	(4,028)	-	-
Finance costs		10,119	7,619	1	1
Finance income		(27,265)	(4,743)	(8,665)	(1,341)
Fair value (gain)/loss on financial instruments designated as hedging instruments		(251)	2,777	-	-
Gain on disposal of property, plant and equipment		(783)	(2,391)	(124)	-
Reversal of impairment on property, plant and equipment		(35)	-	-	-
Share-based payment		56,103	39,765	28	129
Unrealised (gain)/loss on foreign exchange		(25,954)	(6,998)	-	-
Operating profit/(loss) before changes in working capital		464,774	762,704	(3,605)	(3,344)
Inventories		56,189	(32,753)	-	-
Trade and other receivables		61,041	(77,863)	(889)	(41)
Trade and other payables		(194,122)	93,973	14	(2,073)
Cash generated from/(used in) operations		387,882	746,061	(4,480)	(5,458)
Tax paid		(20,616)	(42,355)	(2,134)	(387)
Finance costs paid		(10,119)	(7,619)	(1)	(1)
Interest income received		27,265	4,743	8,665	1,341
Dividends received		1,906	5,995	95,062	102,303
Net cash from operating activities		386,318	706,825	97,112	97,798

Statements of Cash Flows

For the year ended 30 June 2023

(Cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		1,149	2,748	125	-
Purchase of property, plant and equipment		(251,675)	(729,664)	(674)	-
Acquisition of right-of-use assets		-	(15,203)	-	-
Net cash used in investing activities		(250,526)	(742,119)	(549)	-
Cash flows from financing activities					
Dividends paid to owners of the Company		(69,604)	(69,558)	(69,613)	(69,610)
Dividends paid to non-controlling shareholder of a subsidiary company		(36,403)	(30,144)	-	-
Repayments of borrowings	(ii)	(35,952)	(75,398)	-	-
Drawdown from borrowings	(ii)	99,436	182,368	-	-
Purchase of trust shares		-	(1,543)	-	(151)
Payment of lease liabilities	(i),(ii)	(4,195)	(2,290)	-	-
Net cash (used in)/generated from financing activities		(46,718)	3,435	(69,613)	(69,761)
Net change in cash and cash equivalents		89,074	(31,859)	26,950	28,037
Effect of exchange rate fluctuation on cash held		(804)	10,697	-	-
Cash and cash equivalents as at beginning of year		964,826	985,988	245,069	217,032
Cash and cash equivalents at end of year		1,053,096	964,826	272,019	245,069

(i) Cash outflows for leases as a lessee

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases	815	3,028	-	-
Interest paid in relation to lease liabilities	1,325	1,292	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	4,195	2,290	-	-
Total cash outflows for leases	6,335	6,610	-	-

Statements of Cash Flows

For the year ended 30 June 2023

(Cont'd)

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 July 2021 RM'000	Drawdown RM'000	Repayments/ Payments RM'000	Acquisition of new lease RM'000	Other changes RM'000	At 30 June 2022 RM'000
Loans and borrowings	83,564	182,368	(75,398)	-	2,736	193,270
Lease liabilities	25,309	-	(2,290)	805	2,523	26,347
Total liabilities from financing activities	108,873	182,368	(77,688)	805	5,259	219,617

Group	At 1 July 2022 RM'000	Drawdown RM'000	Repayments/ Payments RM'000	Acquisition of new lease RM'000	Other changes RM'000	At 30 June 2023 RM'000
Loans and borrowings	193,270	99,436	(35,952)	-	(5,090)	251,664
Lease liabilities	26,347	-	(4,195)	2,775	38	24,965
Total liabilities from financing activities	219,617	99,436	(40,147)	2,775	(5,052)	276,629

Notes to the Financial Statements

1. CORPORATE INFORMATION

Malaysian Pacific Industries Berhad ("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 addresses of its registered office and principal place of business are as follows:

Registered office
Level 31, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

Principal place of business
Jalan Lapangan Terbang
31350 Ipoh
Perak Darul Ridzuan

The immediate and ultimate holding companies of the Company are Hong Leong Manufacturing Group Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company, its subsidiaries and special purpose entities (together referred to as "the Group"). The financial statements of the Company as at and for the financial year ended 30 June 2023 do not include other entities.

The Company is an investment holding company whilst the principal activities of the subsidiaries are as disclosed in Note 3 to the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28 August 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, other than those disclosed in Note 2.2.

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

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Statements
(Cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.1 **Basis of preparation** (cont'd)

There are no significant areas of estimation uncertainty and critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

(i) Note 5 – Extension options and incremental borrowing rate in relation to leases

The management applied significant judgement whether it is reasonably certain to exercise the extension options. The management also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases.

(ii) Note 10 – Trade and other receivables

The management reviews the adequacy of allowance for impairment losses for trade and other receivables. The review requires management to apply judgement and assumptions to determine the recoverable amount of these trade and other receivables.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

2.2 **Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it 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. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Notes to the Financial Statements
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Special purpose entities

Special purpose entities ("SPE") are entities defined in MFRS 10, *Consolidated Financial Statements*, which may constitute a corporation, trust, partnership or unincorporated entity created to accomplish a narrow and well defined objective with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their governing board, trustee or management over the operations of the SPE. Accordingly, the ESS Trust set up as mentioned in Note 2.2(k)(iii) is amalgamated with the financial statements of the Company for the portion related to the Company and also consolidated in the financial statements of the Group.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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 a financial asset depending on the level of influence retained.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, 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 is 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 owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Financial Statements
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the exchange fluctuation reserve in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the exchange fluctuation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.2(i)(i)) where the effective interest rate is applied to the amortised cost.

Notes to the Financial Statements
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.2(i)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2.2(i)(i)).

Notes to the Financial Statements
(Cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 **Summary of significant accounting policies** (cont'd)

(c) **Financial instruments** (cont'd)

(ii) **Financial instrument categories and subsequent measurement** (cont'd)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) **Regular way purchase or sale of financial assets**

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company; and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Notes to the Financial Statements

(Cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 **Summary of significant accounting policies** (cont'd)

(c) **Financial instruments** (cont'd)

(iii) **Regular way purchase or sale of financial assets** (cont'd)

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) **Hedge accounting**

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(a) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

(b) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Notes to the Financial Statements
(Cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 **Summary of significant accounting policies** (cont'd)

(c) **Financial instruments** (cont'd)

(iv) **Hedge accounting** (cont'd)

(b) Cash flow hedge (cont'd)

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(v) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after making proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 - 50 years
Building improvement	10 years
Plant, equipment and motor vehicles	2 - 10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

Notes to the Financial Statements
(Cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 **Summary of significant accounting policies** (cont'd)

(e) **Leases** (cont'd)

(ii) **Recognition and initial measurement**

(a) **As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

(b) **As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Leases (cont'd)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

(f) Investment property

Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2.2(d).

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 10 - 50 years for buildings and improvements. Leasehold land is depreciated over the lease term.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

Notes to the Financial Statements
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income. 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 as 12-month expected credit loss. Loss allowances for trade 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 historical experience and informed credit assessment and including forward-looking information, where available.

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 and the Company estimate 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.

Notes to the Financial Statements
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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 or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expense

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares or reserve for own shares in the statements of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the distributable reserves.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in retained earnings.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

Notes to the Financial Statements
(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Employee benefits (cont'd)

(iii) Share-based payment transactions

The Group operates equity-settled share-based compensation plans for the employees of the Group under the Malaysian Pacific Industries Berhad's Executive Share Scheme ("ESS").

In connection with the ESS, trusts have been set up and are administered by an appointed trustee ("ESS Trusts"). The trustee will be entitled, from time to time, to accept advances from the Group, upon such terms and conditions as the Group and the trustee may agree, to purchase the ordinary shares of MPI from the open market for the ESS Trusts ("ESS Trust Shares").

The fair value of the share options or grant offers granted to employees is recognised as an employment cost with a corresponding increase in the executive share scheme reserve over the vesting period. When the share options are exercised or grant offers are completed, the amount from the executive share scheme reserve is transferred to retained earnings as applicable. When the share options not exercised or grant offers not completed are expired, the amount from the executive share scheme reserve is transferred to retained earnings.

The fair value of the share options or grant offers is measured using Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The ESS Trust Shares are consolidated into the Group's consolidated financial statements as a deduction from equity and classified as reserve for own shares. Dividends received by the ESS Trusts are eliminated against the Company's dividend payment.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognise revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

Notes to the Financial Statements

(Cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Revenue and other income (cont'd)

(i) Revenue from contracts with customers (cont'd)

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss, except for interest income arising from temporary investment of borrowing taken specifically for the purpose of obtaining an qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs (see Note 2.2 (o)).

(iv) Rental income

Rental income from investment property are recognised in profit or loss on a straight-line basis over the term of the lease. Rental income is recognised as other income.

(n) Government grants

Government grants are recognised by deducting the grant in arriving at the carrying amount of the assets when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

(o) 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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

Notes to the Financial Statements
(Cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(o) Borrowing costs (cont'd)

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 ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Taxation

Taxation comprises current and deferred taxation. Current taxation and deferred taxation 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.

Current taxation 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 period, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred taxation 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 period.

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 assets and liabilities 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 difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(q) Earnings per ordinary share

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

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 weighted average number of ordinary shares outstanding, adjusted to assume conversion of any dilutive potential ordinary shares.

(r) Operating segments

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

(s) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures 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 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 July 2023 and 1 July 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2023 and 1 January 2024 respectively.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* and its amendments that are effective for annual periods beginning on or after 1 January 2023 as they are not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

Notes to the Financial Statements
(Cont'd)

3. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their country of incorporation and the effective interest of Malaysian Pacific Industries Berhad are shown below:

Name of subsidiary	Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Carsem (M) Sdn Bhd	Malaysia	70	70	Manufacturing services of semiconductor packaging and testing
Carsem Holdings Limited #	Bermuda	100	100	Investment holding
• Carsem Holdings (HK) Limited #	Hong Kong	100	100	Sale and marketing of semiconductor devices and electronic components and investment holding
• Carsem Semiconductor (Suzhou) Co., Ltd #	The People's Republic of China	100	100	Manufacturing services of semiconductor packaging and testing
• Carsem Advanced Technology (Suzhou) Co., Ltd #	The People's Republic of China	100	100	The intended activities are manufacturing services of semiconductor packaging and testing
Dynacraft Industries Sdn Bhd	Malaysia	100	100	Manufacturing and sale of leadframes
Carter Resources Sdn Bhd	Malaysia	70	70	Investment holding
• Carsem Inc. #	United States of America	70	70	Marketing agent for semiconductor devices and electronic components
Technoplex Realty Sdn Bhd	Malaysia	100	100	Dormant

Notes:
- • Sub-subsidiary companies.
- # The financial statements of these subsidiary companies are not audited by KPMG PLT, Malaysia or other member firms of KPMG International.

Notes to the Financial Statements

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings/ Building improvement RM'000	Plant, equipment and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost				
At 1 July 2021	441,257	4,029,672	20,687	4,491,616
Additions	4,274	661,460	63,930	729,664
Disposals	-	(164,357)	-	(164,357)
Transfers	3,028	16,608	(19,636)	-
Currency translation differences	4,052	38,132	126	42,310
At 30 June 2022/ 1 July 2022	452,611	4,581,515	65,107	5,099,233
Additions	2,657	105,501	143,517	251,675
Disposals	-	(62,744)	-	(62,744)
Write-offs	-	(2,873)	-	(2,873)
Transfers	22,976	45,318	(68,294)	-
Currency translation differences	(4,364)	(48,552)	(895)	(53,811)
At 30 June 2023	473,880	4,618,165	139,435	5,231,480
Accumulated depreciation and impairment losses				
At 1 July 2021				
Accumulated depreciation	294,933	3,112,102	-	3,407,035
Accumulated impairment losses	-	33,381	-	33,381
	294,933	3,145,483	-	3,440,416
Charge for the year	15,152	272,022	-	287,174
Disposals	-	(163,994)	-	(163,994)
Currency translation differences	1,596	22,718	-	24,314
At 30 June 2022/1 July 2022				
Accumulated depreciation	311,681	3,254,974	-	3,566,655
Accumulated impairment losses	-	21,255	-	21,255
	311,681	3,276,229	-	3,587,910
Charge for the year	16,647	305,539	-	322,186
Disposals	-	(62,364)	-	(62,364)
Write-offs	-	(2,873)	-	(2,873)
Reversal of impairment losses	-	(35)	-	(35)
Currency translation differences	(1,864)	(27,713)	-	(29,577)
At 30 June 2023				
Accumulated depreciation	326,464	3,467,563	-	3,794,027
Accumulated impairment losses	-	21,220	-	21,220
	326,464	3,488,783	-	3,815,247
Carrying amounts				
At 1 July 2021	146,324	884,189	20,687	1,051,200
At 30 June 2022/1 July 2022	140,930	1,305,286	65,107	1,511,323
At 30 June 2023	147,416	1,129,382	139,435	1,416,233

Notes to the Financial Statements

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Equipment and motor vehicles RM'000
Cost	
At 1 July 2021/30 June 2022/1 July 2022	605
Addition	674
Disposal	(595)
At 30 June 2023	684
Accumulated depreciation	
At 1 July 2021	595
Charge for the year	10
At 30 June 2022/1 July 2022	605
Charge for the year	22
Disposal	(594)
At 30 June 2023	33
Carrying amounts	
At 1 July 2021	10
At 30 June 2022/1 July 2022	-
At 30 June 2023	651

5. RIGHT-OF-USE ASSETS

Group	Land RM'000	Buildings RM'000	Plant and equipments RM'000	Total RM'000
At 1 July 2021	34,772	705	3,367	38,844
Additions	15,203	805	-	16,008
Depreciation	(2,632)	(692)	(1,900)	(5,224)
Derecognition*	-	(422)	-	(422)
Currency translation differences	118	-	-	118
Remeasurement of lease liabilities	(44)	50	2,955	2,961
At 30 June 2022/At 1 July 2022	47,417	446	4,422	52,285
Additions	-	2,658	117	2,775
Depreciation	(2,925)	(1,806)	(2,630)	(7,361)
Derecognition*	-	(54)	-	(54)
Currency translation differences	(441)	-	-	(441)
Remeasurement of lease liabilities	(43)	-	137	94
At 30 June 2023	44,008	1,244	2,046	47,298

* Derecognition of the right-of-use assets during the financial year as a result of early termination.

Notes to the Financial Statements

(Cont'd)

5. **RIGHT-OF-USE ASSETS** (cont'd)

The Group leases the above items for original lease term ranging from 1 to 99 years, with an option to renew certain leases after that date.

5.1 Extension options

Some leases of buildings contain extension options exercisable by the Group up to two years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Group	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities (discounted)	Historical rate of exercise of extension options
	RM'000	RM'000	%
2023			
Buildings	167	1,324	Nil
2022			
Buildings	102	1,301	Nil

5.2 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

Notes to the Financial Statements

(Cont'd)

6. INVESTMENT PROPERTIES

Leasehold land and building	Group RM'000
Cost	
At 1 July 2021/30 June 2022/1 July 2022	46,283
Write-offs	(84)
At 30 June 2023	46,199
Accumulated depreciation	
At 1 July 2021	
Accumulated depreciation	17,421
Accumulated impairment losses	72
	17,493
Charge for the year	893
At 30 June 2022/1 July 2022	
Accumulated depreciation	18,314
Accumulated impairment losses	72
	18,386
Charge for the year	871
Write-offs	(84)
At 30 June 2023	
Accumulated depreciation	19,101
Accumulated impairment losses	72
	19,173
Carrying amounts	
At 1 July 2021	28,790
At 30 June 2022/1 July 2022	27,897
At 30 June 2023	27,026

Investment properties comprise of leasehold buildings that is leased to third parties or for capital appreciation.

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

	Group 2023 RM'000	Group 2022 RM'000
Lease income	6,589	9,525
Direct operating expenses		
- income generating investment properties	1,145	1,215

Notes to the Financial Statements

(Cont'd)

6. INVESTMENT PROPERTIES (cont'd)

6.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

Group	2023 RM'000	2022 RM'000
Less than one year	-	9,525
One to two years	-	7,144
Total undiscounted lease payments	-	16,669

6.2 Fair value information

Fair value of investment property is categorised as Level 3 as follows:

	2023 RM'000	2022 RM'000
Leasehold land and building	70,000	70,000

Level 3 fair values have been determined by Directors' valuation using sales comparison approach. Sales price of comparable properties are adjusted for differences in key attributes such as property size. The significant unobservable input into the Directors' valuation is the average price per square feet of comparable properties. The estimated fair value would increase/(decrease) if expected value per square feet of recent sales and listing of similar properties were higher/(lower).

7. INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares in subsidiaries, at cost	-	-	432,087	432,087
Equity instrument at fair value through other comprehensive income designated upon initial recognition	46	46	46	46
	46	46	432,133	432,133

The subsidiary companies and their principal activities are disclosed in Note 3 of the financial statements.

Notes to the Financial Statements
(Cont'd)

7. INVESTMENTS (cont'd)

7.1 Non-controlling interest in subsidiary

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

	Carsem (M) Sdn Bhd	
	2023 RM'000	2022 RM'000
NCI percentage of ownership interest and voting interest	30%	30%
Carrying amount of NCI	340,264	316,331
Profit allocated to NCI	46,745	55,720

Summarised financial information before intra-group elimination

	Carsem (M) Sdn Bhd	
	2023 RM'000	2022 RM'000
Statement of financial position		
Total assets	1,349,243	1,298,438
Total liabilities	(251,479)	(257,513)
Net assets	1,097,764	1,040,925
Statement of profit or loss and other comprehensive income for the year		
Profit for the year	178,351	194,967
Total comprehensive income	178,183	188,088
Statement of cash flows for the financial year ended		
Net cash flow generated from/(used in) operating, investing and financing activities	25,076	(63,724)
Dividends paid to NCI	36,403	30,144

Notes to the Financial Statements
(Cont'd)

8. DEFERRED TAXATION

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2023 RM'000	Assets 2022 RM'000	Liabilities 2023 RM'000	Liabilities 2022 RM'000	Net 2023 RM'000	Net 2022 RM'000
Property, plant and equipment		-	(9,490)	(4,568)	(9,490)	(4,568)
Right-of-use assets	-	-	(5,452)	(6,412)	(5,452)	(6,412)
Lease liabilities	5,992	6,324	-	-	5,992	6,324
Other items	2,014	2,387	-	-	2,014	2,387
Tax assets/(liabilities)	8,006	8,711	(14,942)	(10,980)	(6,936)	(2,269)
Set-off of tax	(8,006)	(8,711)	8,006	8,711	-	-
Net tax liabilities	-	-	(6,936)	(2,269)	(6,936)	(2,269)

Deferred tax assets and liabilities are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets relate to the same taxation authority.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of provisions of RM47,219,000 (2022: RM 35,001,000) and unutilised tax losses of RM44,229,000 (2022: RM542,000). The unutilised tax losses of RM195,000 and RM44,034,000 will expire in 2032 and 2033 respectively.

Movement in temporary differences during the year

Group	At 1 July 2021 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised in other comprehensive income (Note 23) RM'000	At 30 June 2022/ 1 July 2022 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised in other comprehensive income (Note 23) RM'000	At 30 June 2023 RM'000
Property, plant and equipment	(800)	(3,768)	-	(4,568)	(4,922)	-	(9,490)
Right-of-use assets	(6,803)	391	-	(6,412)	960	-	(5,452)
Lease liabilities	6,074	250	-	6,324	(332)	-	5,992
Other items	631	309	1,447	2,387	(451)	78	2,014
	(898)	(2,818)	1,447	(2,269)	(4,745)	78	(6,936)

Notes to the Financial Statements

(Cont'd)

9. INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
Raw materials	90,764	135,144
Work-in-progress	32,809	36,946
Finished goods	14,220	20,158
Consumable spares	11,744	14,031
	149,537	206,279
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,709,617	1,796,915

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Trade receivables		282,247	316,589	-	-
Less: Allowance for impairment losses		(12,819)	(9,104)	-	-
		269,428	307,485	-	-
Amounts due from subsidiary	10.1	-	-	106	30
Other receivables		28,510	28,033	815	-
Deposits		1,291	1,359	5	5
Prepayments		19,642	19,262	65	67
		318,871	356,139	991	102

Note 10.1

Amount due from subsidiary is non-trade, unsecured, interest free and repayable on demand.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	868,033	575,000	271,000	240,000
Cash and bank balances	185,063	328,957	1,019	1,185
Investment in money market fund	-	60,869	-	3,884
	1,053,096	964,826	272,019	245,069

Notes to the Financial Statements

(Cont'd)

11. CASH AND CASH EQUIVALENTS (cont'd)

Included in deposits, bank balances and liquid investment are the following balances placed with a related company arising from normal business transactions:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits, bank balances and liquid investment	780,969	707,084	272,004	245,054

12. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	Amount	Number of shares	Amount
	'000	RM'000	'000	RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At beginning of year/end of year	209,884	352,373	209,884	352,373

As at year end, the total number of shares bought back was 10,988,000 (2022: 10,988,000) ordinary shares which are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016. The rights attached to the treasury shares as to voting, dividends and participation in other distribution and otherwise are suspended.

13. RESERVES

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Reserves consist of:					
Other reserve	13.1	75,095	69,489	-	-
Hedging reserve	13.2	(3,685)	(3,625)	-	-
Exchange fluctuation reserve	13.3	107,302	126,771	-	-
Reserve for own shares	13.4	(300)	(997)	(28)	(56)
Executive share scheme reserve	13.5	70,690	29,266	36	53
Retained earnings		1,577,159	1,590,752	516,438	487,969
		1,826,261	1,811,656	516,446	487,966

Notes to the Financial Statements
(Cont'd)

13. RESERVES (cont'd)

Note 13.1
Other reserve comprises mainly of capital reserve, which represents a transfer from revenue reserve to capital reserve by a subsidiary as required by the relevant regulations of its country of incorporation.

Note 13.2
Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge related to hedged transactions that have not yet occurred.

Note 13.3
Exchange fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Note 13.4
Reserve for own shares represents Trust Shares purchased by the ESS Trusts as disclosed in Note 2.2(k)(iii). As at 30 June 2023, the total number of shares held by the ESS Trusts at the Group level was 16,796 (2022: 56,000 shares).

At the Group level, during the financial year:

a) no additional (2022: 45,464) MPI Shares were purchased by the ESS Trust.
b) a total of 39,204 (2022: 483,728) existing ordinary shares in the Company held in the ESS Trusts was transferred to the eligible executives arising from the vesting of free MPI shares.

As at 30 June 2023, the total number of MPI Shares held by the ESS Trusts at the Company level was 1,333 (2022: 2,667 shares).

Note 13.5
Executive share scheme reserve represents the corresponding share-based payments expense related to the Group's Executive Share Scheme as stated in Note 2.2(k)(iii).

14. EMPLOYEE BENEFITS

Executive Share Scheme ("ESS")

The main features of the ESS are, *inter alia*, as follows:

(i) Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors of the Group. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

(ii) The aggregate number of shares comprised in:

    (a) exercised options;
    (b) unexercised options;
    (c) unexpired option offers and unexpired grant offers pending acceptances by the eligible executives;
    (d) outstanding grants;
    (e) completed grants; and
    (f) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by the Company which are still subsisting;

    shall not exceed 10% of the total number of issued ordinary shares (excluding treasury shares) of the Company at any one time ("Maximum Aggregate").

Notes to the Financial Statements

(Cont'd)

14. EMPLOYEE BENEFITS (cont'd)

Executive Share Scheme ("ESS") (cont'd)

(iii) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

(iv) The exercise of the options or vesting of shares may, at the absolute discretion of the Board, be satisfied by way of issuance of new ordinary shares in the Company (unless otherwise adjusted); transfer of existing shares; or a combination of both new shares and existing shares.

(v) At any point in time during the existence of the ESS, the allocation to an eligible executive who, either singly or collectively through persons connected with the eligible executive, holds 20% or more of the total number of issued ordinary shares (excluding treasury shares) of the Company, must not exceed the Maximum Aggregate.

(vi) The options offered to an option holder under the ESOS is exercisable by the option holder or the shares to be vested to a grant holder under the ESGS will be vested to the grant holder only during his employment or directorship with the Group and within the option exercise period of the ESOS, subject to any maximum limit as may be determined by the Board under the By-Laws of the ESS.

ESS 2013

The Company had in place an existing 10-year executive share scheme which was implemented on 8 March 2013, comprising an executive share option scheme ("ESOS") and an executive share grant scheme ("ESGS") (collectively, "ESS 2013"), which had expired on 7 March 2023.

(i) ESOS

There were no grant or vesting of conditional incentive share options ("Options") over ordinary shares of the Company ("MPI Shares") to eligible executives (including directors and chief executives) of the Group during the financial year ended 30 June 2023.

Since the commencement of the ESS 2013, the Group had granted a total of 15,025,000 Options, out of which, 200,000 Options had been vested, 80,000 Options had been exercised and 4,050,000 Options had ceased to be valid ("ceased Options"). A total of 858,500 MPI Shares had been granted, free of consideration ("free MPI Shares") to Option holders in lieu of the ceased Options. The aggregate Options granted to directors/chief executives (including a past director/chief executive) of the Group amounted to 7,150,000 Options. No Options remain outstanding as at 30 June 2023. The actual percentage of total Options granted to directors (including a past director) and senior management of the Group was 4.98% based on the total number of issued ordinary shares (excluding treasury shares) of the Company as at 30 June 2023.

(ii) ESGS

During the financial year ended 30 June 2023, there was no grant of free MPI Shares to eligible executives (including directors/chief executives) of the Group. A total of 28,000 free MPI Shares had been vested during the financial year ended 30 June 2023 and following the expiry of the ESS 2013, the balance of 28,000 free MPI Shares granted under the ESS 2013 will be administered and vested under the ESS 2021 (as defined below).

Since the commencement of the ESS 2013, a total of 1,651,200 free MPI Shares had been granted, out of which 1,623,200 free MPI Shares had been vested and the outstanding balance of 28,000 free MPI Shares granted under the ESS 2013 will be administered and vested under the ESS 2021 (as defined below). The aggregate of free MPI Shares granted to directors/chief executives amounted to 1,362,300 free MPI Shares, out of which, 1,335,634 free MPI Shares had been vested and the balance of 26,666 free MPI Shares granted under the ESS 2013 will be administered and vested under the ESS 2021 (as defined below). The actual percentage of total free MPI Shares granted to directors and senior management of the Group was 0.81% based on the total number of issued shares (excluding treasury shares) of the Company as at 30 June 2023.

Notes to the Financial Statements
(Cont'd)

14. EMPLOYEE BENEFITS (cont'd)

Executive Share Scheme ("ESS") (cont'd)

ESS 2013 (cont'd)

The aggregate allocation of Options and MPI Shares granted to directors and senior management of the Group pursuant to the ESS 2013 was at the discretion of the Board provided that such allocation does not exceed the Maximum Aggregate.

Value of employee services received for issue of share options/grant

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Value of employee services received	589	1,936	28	129
Weighted average fair value at grant date	RM33.43	RM33.43	RM33.43	RM33.43

ESS 2021

The Company had, on 8 November 2021, implemented a new ESS, which comprises an ESOS and an ESGS of up to 10% of the Company's total number of issued MPI Shares (excluding treasury shares) for eligible executives and/or directors of the Company and its subsidiaries ("ESS 2021"). The New ESS would be in force for a period of 10 years from 8 November 2021.

(i) ESOS

During the financial year ended 30 June 2023 and since the commencement of the ESS 2021, there were no grant or vesting of Options over MPI Shares to eligible executives (including directors and chief executives) of the Group.

(ii) ESGS

During the financial year ended 30 June 2023, 33,233 free MPI Shares were granted to an eligible executive of the Group and 11,204 free MPI Shares were vested and 3,433,642 free MPI Shares (including the balance of 28,000 free MPI Shares from ESS 2013) remain outstanding as at 30 June 2023.

Since the commencement of the ESS 2021, 3,566,846 free MPI Shares had been granted to eligible executives of the Group, out of which, 3,500,000 free MPI Shares granted are subject to the achievement of certain performance criteria over a performance period. As at 30 June 2023, 11,204 free MPI Shares had been vested, 150,000 free MPI Shares had lapsed and 3,433,642 free MPI Shares (including the balance of 28,000 free MPI Shares from ESS 2013) remain outstanding as at 30 June 2023. The aggregate of free MPI Shares granted to directors/chief executives amounted to 2,286,846 free MPI Shares, out of which, 11,204 free MPI Share had been vested, with 2,302,308 free MPI Shares (including the balance of 26,666 free MPI Shares from ESS 2013) remaining outstanding. The actual percentage of total free MPI Shares granted to directors and senior management of the Group (including a past senior management) was 1.60% based on the total number of issued MPI Shares (excluding treasury shares) of the Company.

The aggregate allocation of Options and MPI Shares granted to directors and senior management of the Group pursuant to the ESS 2021 is at the discretion of the Board provided that such allocation does not exceed the Maximum Aggregate.

Notes to the Financial Statements
(Cont'd)

14. EMPLOYEE BENEFITS (cont'd)

Executive Share Scheme ("ESS") (cont'd)

ESS 2021 (cont'd)

Value of employee services received for issue of share options/grant

	Group	
	2023	**2022**
	RM'000	**RM'000**
Value of employee services received	55,514	37,829
Weighted average fair value at grant date	RM43.31	RM47.44

Total value of employee services received for issue of share options/grant

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised in profit or loss				
Granted in 2017	-	1	-	-
Granted in 2020	-	613	-	66
Granted in 2021	589	1,322	28	63
Granted in 2022	55,288	37,829	-	-
Granted in 2023	226	-	-	-
	56,103	39,765	28	129

15. LOANS AND BORROWINGS

	Group	
	2023	**2022**
	RM'000	**RM'000**
Current (unsecured)		
Term loan	172,184	13,170
Non-current (unsecured)		
Term loan	79,480	180,100
	251,664	193,270

The term loans of the Group are unsecured and subject to interest ranging from 3.30% – 3.85% (2022: 3.75% - 3.85%).

Notes to the Financial Statements

(Cont'd)

16. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade payables		108,752	151,127	-	-
Amounts due to related companies	16.1	161	5,936	-	38
Other payables		100,667	168,922	143	162
Accrued expenses		126,809	208,101	652	581
Derivative used for hedging					
- Forward exchange contracts	28.3.4	9,715	9,727	-	-
		346,104	543,813	795	781

Note 16.1

Amounts due to related companies are non-trade, unsecured, interest free and repayable on demand.

17. REVENUE

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue from contracts with customers	2,044,600	2,414,156	-	-
Other revenue				
- Dividend income	121	1,967	95,062	102,303
Total revenue	2,044,721	2,416,123	95,062	102,303

17.1 Disaggregation of revenue

Group	Asia 2023 RM'000	Asia 2022 RM'000	USA 2023 RM'000	USA 2022 RM'000	Europe 2023 RM'000	Europe 2022 RM'000	Total 2023 RM'000	Total 2022 RM'000
Major products and service								
Manufacturing services of semiconductor packaging and testing, and manufacturing and sale of leadframes	1,071,099	1,527,036	382,328	359,100	591,173	528,020	2,044,600	2,414,156

Notes to the Financial Statements
(Cont'd)

17. REVENUE (cont'd)

17.1 Disaggregation of revenue (cont'd)

	Asia		USA		Europe		Total	
Group	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Timing and recognition								
At a point in time	1,071,099	1,527,036	382,328	359,100	580,036	515,811	2,033,463	2,401,947
Over time	-	-	-	-	11,137	12,209	11,137	12,209
	1,071,099	1,527,036	382,328	359,100	591,173	528,020	2,044,600	2,414,156
Revenue from contracts with customers	1,071,099	1,527,036	382,328	359,100	591,173	528,020	2,044,600	2,414,156
Other revenue	121	1,967	-	-	-	-	121	1,967
Total revenue	1,071,220	1,529,003	382,328	359,100	591,173	528,020	2,044,721	2,416,123

17.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Manufacturing services of semiconductor packaging and testing, and manufacturing and sale of leadframes.
Timing of recognition or method used to recognised revenue	Revenue is recognised at point in time when the control of the goods are transferred to the customers. For customer contracts where the goods being manufactured have no alternative use and the Company has an enforceable right to payment for performance completed to date, revenue is recognised over time based on costs incurred.
Significant payment terms	Credit period of 30 - 60 days from invoice date.
Variable element in consideration	Revision of selling price due to fluctuation of commodity prices.
Obligation for returns or refunds	Obligation for returns if goods are required for reworks.
Warranty	Not applicable.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

Notes to the Financial Statements

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18. FINANCE INCOME

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	27,265	4,743	8,665	1,341

19. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expense on lease liabilities	1,325	1,292	-	-
Other finance costs	8,794	6,327	1	1
	10,119	7,619	1	1

20. PROFIT BEFORE TAXATION

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Other than those disclosed elsewhere in the financial statements, profit before taxation is arrived at after charging/ (crediting):					
Auditors' remuneration					
Holding company's auditors					
- Statutory audits		210	197	37	35
- Other services		25	25	4	4
Other auditors					
- Statutory audits		72	71	-	-
- Other services		26	26	-	-

Notes to the Financial Statements
(Cont'd)

20. PROFIT BEFORE TAXATION (cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Material expenses/(income)					
Allowance for slow moving inventories		20,633	6,448	-	-
Dividend income from short-term investments		(1,785)	(4,028)	-	-
Personnel expenses (including key management personnel):					
- Wages, salaries and others		421,107	457,532	-	-
- Contributions to Employees Provident Fund		68,887	72,922	-	-
- Share-based payment		56,103	39,765	28	129
(Gain)/Loss on foreign exchange					
- Realised		45,458	(6,522)	-	-
- Unrealised		(25,954)	(6,998)	-	-
Research and development expenditure		44,535	50,779	-	-
Expenses arising from leases					
Expenses relating to short-term leases	a	815	3,028	-	-
Net loss on impairment of financial instruments					
Financial assets at amortised cost		3,715	257	-	-

Note a
The Group leases buildings, plant and equipment and motor vehicles with contract terms less than 1 year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements

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21. TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian				
- Current year	18,134	22,327	2,074	392
- Prior years	(1,252)	(875)	56	(17)
Overseas				
- Current year	651	30,177	-	-
- Prior years	(6,098)	2	-	-
	11,435	51,631	2,130	375
Deferred taxation				
- Current year	4,745	2,818	-	-
	16,180	54,449	2,130	375

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	124,328	439,379	100,195	100,160
Taxation at Malaysian statutory tax rate of 24%	29,839	105,451	24,047	24,038
Difference of tax rate in foreign jurisdiction	5,362	(18,129)	-	-
Non-deductible expenses	12,917	5,264	813	861
Tax exempt income (Note 21.1)	(32,078)	(38,526)	(22,786)	(24,507)
Others	7,490	1,262	-	-
	23,530	55,322	2,074	392
(Over)/Under provision in prior years	(7,350)	(873)	56	(17)
	16,180	54,449	2,130	375

Note 21.1

A subsidiary of the Company has been granted 100% pioneer tax exemption on the statutory income for 10 years beginning year of assessment 30 June 2015 in respect of the approved business by the Malaysian Investment Development Authority under the Income Tax (Exemption) (No. 11) Order 2006 [P.U. (A) 112/2006] of the Income Tax Act, 1967.

Notes to the Financial Statements

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22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM61,334,000 (2022: RM328,853,000) by the weighted average number of ordinary shares outstanding during the financial year of 198,856,638 (2022: 198,556,077) as follows:

	2023 '000	2022 '000
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of year	209,884	209,884
Less:		
- Treasury shares held at beginning of year	(10,988)	(10,988)
- Trust Shares held at beginning of year	(56)	(494)
	198,840	198,402
Effect of Trust Shares vested	17	154
Weighted average number of ordinary shares outstanding during the year	198,857	198,556
Basic earnings per ordinary share (sen)	30.84	165.62

Diluted earnings per ordinary share

The Group's diluted earnings per ordinary share for the financial year approximates its basic earnings per ordinary share.

23. OTHER COMPREHENSIVE INCOME

2023	Before tax RM'000	Taxation RM'000	Net of tax RM'000
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(19,469)	-	(19,469)
Cash flow hedge			
- Gain arising during the year	847	(172)	675
- Loss arising during the year	(842)	202	(640)
- Reclassification adjustments for transactions recognised in profit or loss	(251)	48	(203)
	(246)	78	(168)
	(19,715)	78	(19,637)

Notes to the Financial Statements

(Cont'd)

23. OTHER COMPREHENSIVE INCOME (cont'd)

2022	Before tax RM'000	Taxation RM'000	Net of tax RM'000
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Gain arising during the year	18,359	-	18,359
Cash flow hedge			
- Loss arising during the year	(8,987)	2,101	(6,886)
- Reclassification adjustments for transactions recognised in profit or loss	2,777	(654)	2,123
	(6,210)	1,447	(4,763)
	12,149	1,447	13,596

24. DIVIDENDS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
First interim				
10.0 sen per share single tier paid on 21 December 2022				
(2022: 10.0 sen per share single tier)	19,884	19,840	19,889	19,886
Second interim				
25.0 sen per share single tier paid on 21 June 2023				
(2022: 20.0 sen per share single tier)	49,720	49,718	49,724	49,724
	69,604	69,558	69,613	69,610

Dividends received by the ESS Trusts for the Group and the Company amounting to RM10,000 (2022: RM56,000) and RM1,000 (2022: RM3,910) respectively are eliminated against the dividend expense of the Company upon consolidation of the ESS Trusts as disclosed in Note 2.2(k)(iii).

Notes to the Financial Statements
(Cont'd)

25. OPERATING SEGMENTS

The Group's operating and reportable segments are geographical segments by location of customers. For each geographical segment by location of customers, the Board of Directors reviews internal management reports on at least a quarterly basis. The Group's reportable segments are as follows:

- Asia
- The United States of America ("USA")
- Europe

These segments are engaged in manufacturing services of semiconductor packaging and testing, and manufacturing and sale of leadframes.

Segment profit

Performance is measured based on segment profit before interest income, finance costs and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented to the Board of Directors and hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is not presented to the Board of Directors and hence no disclosure is made on segment liabilities.

	Asia		USA		Europe		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	3,988	292,057	34,256	56,266	66,854	90,199	105,098	438,522
Included in the measure of segment profit are:								
Revenue from external customers	1,071,099	1,527,036	382,328	359,100	591,173	528,020	2,044,600	2,414,156
Depreciation and amortisation	221,193	208,501	44,293	35,626	64,610	49,151	330,096	293,278

Notes to the Financial Statements

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25. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment profit

	2023 RM'000	2022 RM'000
Profit		
Reportable segments	105,098	438,522
Non-reportable segments	2,084	3,733
Interest income	27,265	4,743
Finance costs	(10,119)	(7,619)
Consolidated profit before taxation	124,328	439,379

	2023		2022	
	External revenue RM'000	Depreciation & amortisation RM'000	External revenue RM'000	Depreciation & amortisation RM'000
Reportable segments	2,044,600	330,096	2,414,156	293,278
Non-reportable segments	121	322	1,967	13
Total	2,044,721	330,418	2,416,123	293,291

Geographical information

Revenue of the Group by geographical location of the customers is as follows:

	Revenue	
	2023 RM'000	2022 RM'000
Ireland	183,959	159,133
Taiwan	173,226	250,620
Malaysia	115,731	167,402
USA	382,328	359,100
Singapore	432,902	455,145
The People's Republic of China	287,259	564,446
Others	469,195	458,310
	2,044,600	2,414,156

Notes to the Financial Statements
(Cont'd)

25. OPERATING SEGMENTS (cont'd)

Geographical information (cont'd)

Non-current assets (except for financial assets) of the Group by geographical location of the assets are as follows:

	Non-current assets	
	2023	**2022**
	RM'000	**RM'000**
Malaysia	610,427	598,433
The People's Republic of China	880,124	993,064
Others	6	8
	1,490,557	1,591,505

Major customers

During the financial year, revenue from two customers amounted to RM238,770,000 and RM209,792,000 respectively in Asia and USA each contributed to more than 10% of the Group's revenue (2022: one customer amounted to RM256,790,000 in Asia).

26. CAPITAL COMMITMENTS

	Group	
	2023	**2022**
	RM'000	**RM'000**
Property, plant and equipment:		
Authorised and contracted for	61,209	199,647

27. RELATED PARTIES

27.1 The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows:

Hong Leong Company (Malaysia) Berhad ("HLCM") is a major shareholder of the Company through Hong Leong Manufacturing Group Sdn Bhd. GuoLine Capital Assets Limited is a person connected with certain major shareholders of the Company and persons connected with them (collectively referred to as "Hong Leong Group").

Notes to the Financial Statements
(Cont'd)

27. RELATED PARTIES (cont'd)

27.1 Significant transactions with related parties are as follows:

	Transactions	Related party	Group 2023 RM'000	Group 2022 RM'000
(a)	Rental of properties	Hong Leong Group	59	59
(b)	Receipt of services	Hong Leong Group	426	3,010
(c)	Receipt of group management and/or support services	Hong Leong Group	12,204	18,915

	Transactions	Related party	Company 2023 RM'000	Company 2022 RM'000
(a)	Employee benefit	Subsidiary	-	1,113

Significant balances with related parties at the reporting date are disclosed in Note 10, Note 11 and Note 16 to the financial statements.

The above transactions have been carried out on commercial terms consistent with the usual business practices and policies of the Group and of the Company.

27.2 Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company.

The fees, remuneration and other benefits of the Directors of the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
Remuneration and other benefits	42,986	30,974	-	-
Non-Executive Directors				
Fees*	588	582	548	542

* This includes fee for a Director which has been assigned in favour of the Company where the Director is appointed.

Notes to the Financial Statements

(Cont'd)

27. RELATED PARTIES (cont'd)

27.2 The estimated monetary value of benefit-in-kind of the Directors of the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Executive Directors	199	271	-	-
Non-Executive Directors	28	16	28	16
	227	287	28	16

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")
(b) Financial assets measured at amortised cost ("FAAC")
(c) Financial liabilities measured at amortised cost ("FLAC")
(d) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")

2023	Carrying amount RM'000	FAAC/ FLAC RM'000	FVOCI- EIDUIR RM'000	FVTPL- DUIR RM'000	Derivatives used for hedging RM'000
Financial assets					
Group					
Other investments	46	-	46	-	-
Trade and other receivables (excluding prepayments)	299,229	299,229	-	-	-
Cash and cash equivalents	1,053,096	1,053,096	-	-	-
	1,352,371	1,352,325	46	-	-
Company					
Other investments	46	-	46	-	-
Trade and other receivables (excluding prepayments)	926	926	-	-	-
Cash and cash equivalents	272,019	272,019	-	-	-
	272,991	272,945	46	-	-

Notes to the Financial Statements

(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.1 Categories of financial instruments (cont'd)

2023	Carrying amount RM'000	FAAC/ FLAC RM'000	FVOCI- EIDUIR RM'000	FVTPL- DUIR RM'000	Derivatives used for hedging RM'000
Financial liabilities					
Group					
Trade and other payables, including derivatives	346,104	336,389	-	-	9,715
Loans and borrowings	251,664	251,664	-	-	-
	597,768	588,053	-	-	9,715
Company					
Trade and other payables	795	795	-	-	-

2022	Carrying amount RM'000	FAAC/ FLAC RM'000	FVOCI- EIDUIR RM'000	FVTPL- DUIR RM'000	Derivatives used for hedging RM'000
Financial assets					
Group					
Other investments	46	-	46	-	-
Trade and other receivables (excluding prepayments)	336,877	336,877	-	-	-
Cash and cash equivalents	964,826	903,957	-	60,869	-
	1,301,749	1,240,834	46	60,869	-
Company					
Other investments	46	-	46	-	-
Trade and other receivables (excluding prepayments)	35	35	-	-	-
Cash and cash equivalents	245,069	241,185	-	3,884	-
	245,150	241,220	46	3,884	-
Financial liabilities					
Group					
Trade and other payables, including derivatives	543,813	534,086	-	-	9,727
Loans and borrowings	193,270	193,270	-	-	-
	737,083	727,356	-	-	9,727
Company					
Trade and other payables	781	781	-	-	-

Notes to the Financial Statements

(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net (losses)/gain arising from:				
Financial assets measured at amortised cost	27,698	23,157	8,792	3,308
Financial liabilities measured at amortised cost	(33,695)	(8,339)	(1)	(1)
	(5,997)	14,818	8,791	3,307

28.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.3.1 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, short term deposit and bank balances and outstanding forward exchange contracts. The Company's exposure to credit risk arises principally from amounts due from subsidiaries and bank balances. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.1 Credit risk (cont'd)

Receivables (cont'd)

Concentration of credit risk

The exposure of credit risk for trade receivables, net of impairment loss, as at the end of the reporting period by geographic region was:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Ireland	18,609	22,788
USA	55,115	35,699
Taiwan	28,700	38,109
Malaysia	10,975	18,345
Singapore	56,278	80,358
Others	99,751	112,186
	269,428	307,485

Recognition and measurement of impairment losses

The Group uses an allowance matrix to measure the ECL of trade receivables from individual customers.

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

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the end of reporting period.

Group	**Gross**	**Loss allowance**	**Net**
	RM'000	**RM'000**	**RM'000**
2023			
Current (not past due)	229,666	-	229,666
Past due 1 - 30 days	44,346	(5,339)	39,007
Past due 31 - 60 days	3,786	(3,031)	755
Past due 61 - 90 days	177	(177)	-
Past due more than 90 days	4,272	(4,272)	-
	282,247	(12,819)	269,428

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.1 Credit risk (cont'd)

Receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
2022			
Current (not past due)	244,749	-	244,749
Past due 1 - 30 days	55,602	(1,890)	53,712
Past due 31 - 60 days	9,942	(918)	9,024
Past due 61 - 90 days	2,146	(2,146)	-
Past due more than 90 days	4,150	(4,150)	-
	316,589	(9,104)	307,485

Movements in the allowance for impairment in respect of trade receivables

The movements in the allowance for impairment in respect of trade receivables during the year are as follows:

Group	2023 RM'000	2022 RM'000
Balance at beginning of year	9,104	8,847
Impairment loss recognised	3,715	257
Balance at end of year	12,819	9,104

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Expected credit loss of other receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents of the Group and the Company are placed with licensed financial institutions which are mainly placed with a related company licensed financial institutions as disclosed in Note 11 to the financial statements.

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.1 Credit risk (cont'd)

Cash and cash equivalents (cont'd)

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

The Group and the Company consider that their cash and cash equivalents have low credit risk.

Outstanding forward exchange contract

Forward exchange contracts are entered into with licensed banks with good credit rating. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

28.3.2 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. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of fundings so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents and bank facilities to meet their working capital requirements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.2 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount	Contractual interest rate/ discount rate	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
2023							
Group							
Non-derivative financial liabilities							
Loans and borrowings	251,664	3.30 - 3.85	258,670	174,785	83,885	-	-
Lease liabilities	24,965	5.00	29,430	3,333	12,362	2,166	11,569
Trade and other payables	336,389	-	336,389	336,389	-	-	-
Derivative financial liabilities							
Forward exchange contracts							
Outflow	9,715	-	219,072	219,072	-	-	-
Inflow	-	-	(209,357)	(209,357)	-	-	-
	622,733		634,204	524,222	96,247	2,166	11,569
Company							
Non-derivative financial liabilities							
Trade and other payables	795	-	795	795	-	-	-

Notes to the Financial Statements
(Cont'd)

28. **FINANCIAL INSTRUMENTS** (cont'd)

28.3 **Financial risk management** (cont'd)

28.3.2 **Liquidity risk** (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2022							
Group							
Non-derivative financial liabilities							
Loans and borrowings	193,270	3.75 - 3.85	203,093	13,624	189,469	-	-
Lease liabilities	26,347	5.00	32,102	2,918	1,987	14,322	12,875
Trade and other payables	534,086	-	534,086	534,086	-	-	-
Derivative financial liabilities							
Forward exchange contracts							
Outflow	9,727	-	437,519	437,519	-	-	-
Inflow	-	-	(427,792)	(427,792)	-	-	-
	763,430		779,008	560,355	191,456	14,322	12,875
Company							
Non-derivative financial liabilities							
Trade and other payables	781	-	781	781	-	-	-

28.3.3 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's and the Company's financial position or cash flows.

Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases, cash and cash equivalents and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily USD.

Risk management objectives, policies and processes for managing the risk

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case-by-case basis.

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.3 Market risk (cont'd)

Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts (nominal amounts for the forward exchange contracts) as at the end of the reporting period was:

	Denominated in USD	
	2023	2022
Group	RM'000	RM'000
Trade and other receivables	292,914	309,098
Forward exchange contracts	(209,357)	(427,792)
Cash and cash equivalents	173,423	218,957
Trade and other payables	(135,281)	(220,583)
Net exposure	121,699	(120,320)

Currency risk sensitivity analysis

A 5% (2022: 5%) strengthening of the Ringgit Malaysia against USD at the end of the reporting period would have decreased profit before taxation of the Group by RM6,085,000 (2022: increased by RM6,016,000). A 5% (2022: 5%) weakening of the Ringgit Malaysia against USD would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Interest rate risk

The Group and the Company manage their interest rate exposure by maintaining available lines of fixed and floating rate borrowings.

Exposure to interest rate risk

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Deposits with licensed bank	868,033	575,000	271,000	240,000
Lease liabilities	24,965	26,347	-	-
Floating rate instruments				
Loans and borrowings	251,664	193,270	-	-

Notes to the Financial Statements

(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.3 Market risk (cont'd)

Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 50 basis points ("bp") (2022: 50 bp) in interest rates at the end of the reporting period would have decreased the profit before taxation and equity of the Group by RM1,258,000 (2022: RM966,000). A decrease of 50 bp in interest rates would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables remained constant.

28.3.4 Hedging activities

The Group's risk management policy is to hedge its estimated foreign currency exposure in respect of forecast sales and purchases over the foreseeable future. The Group purchases forward foreign exchange contracts to hedge foreign transactions.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

28.3.4.1 Cash flow hedge

The Group has entered into a number of forward exchange contracts to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions. These forward exchange contracts have a total notional amount of USD47,129,000 (2022: USD99,292,000) and all of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

The following table indicates the periods in which the cash flows associated with the foreign exchange currencies are expected to occur and affect profit or loss:

Group	Carrying amount RM'000	Expected cash flow RM'000	Under 1 year RM'000
2023			
Forward exchange contract	(9,715)	(9,715)	(9,715)
2022			
Forward exchange contract	(9,727)	(9,727)	(9,727)

During the financial year, a gain of RM35,000 (2022: a loss of RM6,886,000) was recognised in other comprehensive income and RM203,000 (2022: RM2,123,000) was reclassified from equity to profit or loss.

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.5 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

28.3.6 Fair value hierarchy

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023										
Group										
Financial assets										
Other investments	-	46	-	46	-	-	-	-	46	46
Financial liabilities										
Forward exchange contracts	-	(9,715)	-	(9,715)	-	-	-	-	(9,715)	(9,715)
Loans and borrowings	-	-	-	-	-	-	(251,664)	(251,664)	(251,664)	(251,664)
	-	(9,715)	-	(9,715)	-	-	(251,664)	(251,664)	(261,379)	(261,379)
2023										
Company										
Financial assets										
Other investments	-	46	-	46	-	-	-	-	-	-

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.6 Fair value hierarchy (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022										
Group										
Financial assets										
Other investments	-	46	-	46	-	-	-	-	46	46
Investment in money market fund	-	60,869	-	60,869	-	-	-	-	60,869	60,869
	-	60,915	-	60,915	-	-	-	-	60,915	60,915
Financial liabilities										
Forward exchange contracts	-	(9,727)	-	(9,727)	-	-	-	-	(9,727)	(9,727)
Loans and borrowings	-	-	-	-	-	-	(193,270)	(193,270)	(193,270)	(193,270)
	-	(9,727)	-	(9,727)	-	-	(193,270)	(193,270)	(202,997)	(202,997)
2022										
Company										
Financial assets										
Other investments	-	46	-	46	-	-	-	-	-	-

Notes to the Financial Statements
(Cont'd)

28. FINANCIAL INSTRUMENTS (cont'd)

28.3 Financial risk management (cont'd)

28.3.6 Fair value hierarchy (cont'd)

Level 2 fair value

Other investments
The fair value of other investments are obtained from observable market price in active market.

Investment in money market fund
The fair value of short-term money market fund are obtained from quotation from the fund manager.

Derivatives
The fair value of derivatives are obtained from observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

Transfers between Level 1 and Level 2 fair values
There has been no transfer between Level 1 and Level 2 fair values during the financial year (2022: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loan	Discounted cash flows using a rate based on the indicative current market rate of borrowing of the Company at the reporting date.

The rates used to discount estimated cash flows, when applicable, are as follows:

	Group 2023 %	Group 2022 %
Term loan	3.30 - 3.85	3.75 - 3.85

Notes to the Financial Statements

(Cont'd)

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratios are as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Total loans and borrowings	251,664	193,270
Lease liabilities	24,965	26,347
Less: Cash and cash equivalents	(1,053,096)	(964,826)
Net cash	(776,467)	(745,209)
Total equity	2,360,388	2,321,781
Debt-to-equity ratio	Nil	Nil

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 119 to 186 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Manuel Zarauza Brandulas

Ir. Dennis Ong Lee Khian

28 August 2023

Statutory Declaration

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

I, Cheah Wing Ket, the person primarily responsible for the financial management of MALAYSIAN PACIFIC INDUSTRIES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 119 to 186 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Cheah Wing Ket, MIA CA9244, at Ipoh in the State of Perak Darul Ridzuan on 28 August 2023.

Cheah Wing Ket

Before me:

Goh Choon Huat
Commissioner for Oaths
Ipoh

Independent Auditors' Report

To the members of Malaysian Pacific Industries Berhad

(Registration No. 196201000323 (4817-U)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malaysian Pacific Industries Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 119 to 186.

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 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To the members of Malaysian Pacific Industries Berhad

(Registration No. 196201000323 (4817-U)) (Incorporated in Malaysia)
(Cont'd)

Key Audit Matters (cont'd)

1. Revenue recognition

Refer to Note 2.2(m)(i) *Revenue from contracts with customers* and Note 17 *Revenue* to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group recorded RM2.04 billion of revenue from sale of goods for the current financial year. Revenue from sale of goods of the Group comprises mainly manufacturing and testing of semiconductor devices and electronic components, and sale of leadframes. We have identified revenue recognition as a key audit matter because of the variety of goods sold by the Group, with different pricing and terms for different customers. Accordingly, there was a risk that the amount and timing of revenue were not recognised appropriately in the respective financial periods.	Our audit procedures included, among others: • We evaluated the design and implementation, and tested the operating effectiveness of identified controls over the process of revenue recognition. • We tested samples of revenue transactions by agreeing relevant details to supporting documents relating to the transfer of control of goods to customers in accordance to relevant accounting standards. • We tested samples of transactions that were recorded before and after the financial year end to relevant supporting documents to ascertain that revenue was recorded in the relevant financial periods.

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

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 Directors' Report, and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Independent Auditors' Report

To the members of Malaysian Pacific Industries Berhad

(Registration No. 196201000323 (4817-U)) (Incorporated in Malaysia)
(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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- 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 Malaysian Pacific Industries Berhad

(Registration No. 196201000323 (4817-U)) (Incorporated in Malaysia)
(Cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 3 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chong Chen Kian
Approval Number: 03232/02/2024 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 28 August 2023

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-second Annual General Meeting of Malaysian Pacific Industries Berhad ("the Company") will be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia on Wednesday, 1 November 2023 at 3.00 p.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2023.

2. To approve the payment of Director Fees of RM548,000/- (2022: RM542,493/-) for the financial year ended 30 June 2023, to be divided amongst the Directors in such manner as the Directors may determine and Directors' Other Benefits of up to an amount of RM84,000/- from the Sixty-second Annual General Meeting ("AGM") to the Sixty-third AGM of the Company. **Resolution 1**

3. To re-elect YBhg Dato' Mohamad Kamarudin Bin Hassan as a Director pursuant to the Company's Constitution. **Resolution 2**

4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 3**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as resolutions:

5. **Ordinary Resolution**
   - **Authority To Directors To Allot Shares**
   - **Waiver Of Pre-Emptive Rights Over New Ordinary Shares ("Shares") Or Other Convertible Securities In The Company Under Section 85(1) Of The Companies Act 2016 ("Act") Read Together With Clause 50 Of The Company's Constitution**

   "**THAT** subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"], the Company's Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new Shares in the Company, grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, to any persons who are not caught by Paragraph 6.04(c) of the MMLR provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares (excluding treasury Shares) of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional Shares so allotted on Bursa Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 50 of the Company's Constitution, the shareholders of the Company do hereby waive their pre-emptive rights over all new Shares, options over or grants of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities, such new Shares when issued, to rank pari passu with the existing Shares in the Company." **Resolution 4**

Notice of Annual General Meeting

(Cont'd)

6. **Ordinary Resolution**
   - Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM"), GuoLine Capital Assets Limited ("GCA") And Persons Connected With Them

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of Part A of the Circular to Shareholders dated 3 October 2023 with HLCM, GCA and persons connected with them ("Hong Leong Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 5**

7. **Ordinary Resolution**
   - Proposed Renewal Of Authority For The Purchase Of Own Shares By The Company

"**THAT** subject to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"] and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company's issued ordinary share capital on Bursa Securities subject further to the following:

(a) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the total number of issued shares of the Company ("Shares") for the time being;
(b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits of the Company based on its latest audited financial statements available up to the date of the transaction. (As at 30 June 2023, the audited retained profits of the Company was RM516,438,000/-); and
(c) the authority conferred by the resolution as set out in paragraphs (a) and (b) above will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first and, in any event, in accordance with the provisions of the MMLR or any other relevant authority;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares;

Notice of Annual General Meeting

(Cont'd)

AND THAT the Directors of the Company be and are hereby authorised to deal with any Shares so purchased and any existing treasury Shares ("Said Shares") in the following manner:

(a) cancel the Said Shares; or
(b) retain the Said Shares as treasury shares; or
(c) retain part of the Said Shares as treasury shares and cancel the remainder; or
(d) distribute all or any of the Said Shares as dividends to shareholders; or
(e) resell all or any of the Said Shares in accordance with the relevant rules of Bursa Securities; or
(f) transfer all or any of the Said Shares for the purposes of or under an employees' share scheme; or
(g) transfer all or any of the Said Shares as purchase consideration; or
(h) sell, transfer or otherwise use the Said Shares for such other purposes as the Minister (being the Minister charged with the responsibilities for the companies) may, by order, prescribe,

and/or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the MMLR and any other relevant authority for the time being in force; **AND THAT** the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Company." **Resolution 6**

8. To consider any other business of which due notice shall have been given.

By Order of the Board

Wong Wei Fong
SSM PC No. 201908001352
MAICSA 7006751

Valerie Mak Mew Chan
SSM PC No. 202008002623
MAICSA 7017944

Company Secretaries

Kuala Lumpur
3 October 2023

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 24 October 2023 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*

2. *Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*

3. *Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*

4. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia or lodged electronically via email at cosec-hlmg@hlmg.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.*

5. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in this Notice will be put to a vote by way of a poll.*

Notice of Annual General Meeting
(Cont'd)

Explanatory Notes:

1. *Resolution 1 - Director Fees And Directors' Other Benefits*

   Director Fees of RM548,000/- are inclusive of Board Committee Fees of RM148,000/-; and Directors' Other Benefits refer to Directors and Officers Liability Insurance coverage based on premium paid/payable and Directors' training benefits of up to an amount of RM56,000/- as well as Chairman's car benefit of up to RM28,000/-.

2. *Resolution 2 - Re-Election Of A Director*

   The Nominating Committee ("NC") has considered the performance and contribution of the retiring Independent Non-Executive Director ("ID") and assessed the independence of the retiring ID seeking for re-election at the Sixty-second Annual General Meeting ("AGM"). The NC has further assessed the retiring ID in terms of his quality and integrity in complying with Paragraph 2.20A of the MMLR. Based on the results of the Board Annual Assessment and Fit and Proper Assessment conducted for the financial year ended 30 June 2023, the performance and fit and properness of the retiring ID was found to be satisfactory with the retiring ID complied with the independence criteria as required by the MMLR.

   The Board has endorsed the NC's recommendation on the re-election of the retiring ID. The retiring ID had abstained from deliberations and decisions on his own re-election at the NC and Board meetings.

   The details and profile of the Director who is standing for re-election at the Sixty-second AGM are provided in the Board of Directors section on page 92 of the Company's Annual Report 2023.

3. *Resolution 4 - Authority To Directors To Allot Shares And Waiver Of Pre-Emptive Rights*

   The proposed ordinary resolution, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares ("Shares") of the Company from time to time and expand the mandate to grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer, provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares (excluding treasury Shares) of the Company for the time being ("Renewed General Mandate"). In computing the aforesaid 10% limit, Shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   As at the date of this Notice, no new Shares in the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 2 November 2022 and which will lapse at the conclusion of the Sixty-second AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issuance and allotment of new Shares, grant of rights to subscribe for Shares, conversion of any security into Shares, or allotment of Shares under an agreement or option or offer, and to avoid delay and cost in convening general meetings to approve the same.

   Please refer Section 85(1) of the Companies Act 2016 ("Act") and Clause 50 of the Company's Constitution as detailed below.

   Details of Section 85(1) of the Act and Clause 50 of the Company's Constitution

   Pursuant to Section 85(1) of the Act read together with Clause 50 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new Shares in the Company which rank equally to the existing issued Shares in the Company or other convertible securities.

   Section 85(1) of the Act provides as follows:

   "85. Pre-emptive rights to new shares

   (1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Notice of Annual General Meeting

(Cont'd)

Clause 50 of the Company's Constitution provides as follows:

"50. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities, shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled...

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person."

In order for the Board to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed ordinary resolution, if passed, will exclude your pre-emptive rights over all new Shares, options over or grant of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities under the Authority To Directors To Allot Shares.

4. *Resolution 5 - Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature*

   The proposed ordinary resolution, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Malaysian Pacific Industries Berhad Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate").

   Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders/Share Buyback Statement dated 3 October 2023, which is available on the Company's website at https://mpind.my/investor-relations/bursa-announcement/general-meetings.

5. *Resolution 6 - Proposed Renewal Of Authority For The Purchase Of Own Shares By The Company*

   The proposed ordinary resolution, if passed, will empower the Directors to exercise the power of the Company to purchase its own shares ("Proposed Share Buyback") up to 10% of the total number of issued Shares of the Company by utilising its financial resources not immediately required. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   Detailed information on the Proposed Share Buyback is set out in the Circular to Shareholders/Share Buyback Statement dated 3 October 2023, which is available on the Company's website at https://mpind.my/investor-relations/bursa-announcement/general-meetings.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors

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

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   Details of the general mandate to allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 3 of the Notice of the Sixty-second Annual General Meeting.

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2023

Location	Tenure	Existing use	Acquisition Date	Approximate Area (Sq Ft)	Approximate Age of Building (Year)	Net Book Value as at 30 June 23 (RM'000)
Jalan Lapangan Terbang 31350 Ipoh, Perak Darul Ridzuan	20 Apr 2074	Office and factory building	21 Sep 1998	158,297	27 - 48	3,107
Jalan Lapangan Terbang 31350 Ipoh, Perak Darul Ridzuan	15 Aug 2081	Office and factory building	21 Sep 1998	64,469	25 -35	7,789
Jalan Lapangan Terbang 31350 Ipoh, Perak Darul Ridzuan	23 May 2082	Office and factory building	21 Sep 1998	19,849	27 - 35	227
Jalan Lapangan Terbang 31350 Ipoh, Perak Darul Ridzuan	08 May 2039	Industrial land-factory under construction	28 Jan 1999 & 30 Mar 1998	53,274	-	4,796
Jalan Lapangan Terbang 31350 Ipoh, Perak Darul Ridzuan	08 May 2039	Office and factory building	07 Apr 1989	45,680	29	100
Jalan Lapangan Terbang 31350 Ipoh, Perak Darul Ridzuan	06 Nov 2063	Multi-storey car park	07 Nov 2003	66,812	16	2,384
Lot 52986 Kawasan Perindustrian Taman Meru, Jelapang Perak Darul Ridzuan	29 Oct 2091	Office and factory building	30 Oct 1992	1,348,966	32	14,943
No.88, West Shen Hu Road Suzhou Industrial Park Suzhou, Province of Jiangsu 215021, The People's Republic of China	19 Aug 2052	Office and factory building	30 Apr 2002	645,823	20	110,640
Room 405, Building 1 3E Industrial Park No. 18, Chunyao Road Caohu Sub-district The Municipality of Suzhou Province of Jiangsu, The People's Republic of China	15 May 2072	Industrial land*	28 Jun 2022	720,472	-	14,582

Other Information

(Cont'd)

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2023 (cont'd)

Location	Tenure	Existing use	Acquisition Date	Approximate Area (Sq Ft)	Approximate Age of Building (Year)	Net Book Value as at 30 June 23 (RM'000)
Lot 2367, Bayan Lepas Pulau Pinang	30 Aug 2031	Office and factory building*	18 Jun 1995	257,000	29	10,925
Lot 8, Bayan Lepas Pulau Pinang	06 Jan 2070	Office and factory building^	18 Jun 1995	227,441	24	9,612
Plot 15, Bayan Lepas Pulau Pinang	06 Jan 2070	Office and factory building^	24 Feb 2005	208,357	18	17,414

Notes :

* *These buildings are situated on right-of-use assets as disclosed in Note 5 of the financial statements*

^ *These buildings are classified as investment properties as disclosed in Note 6 of the financial statements*

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2023

Class of Shares : Ordinary shares
Voting Rights : 1 vote for each share held

Distribution Schedule Of Shareholders As At 30 August 2023

Size of Holdings	No. of Shareholders	%	No. of Shares*	%
Less than 100	662	9.57	13,816	0.00
100 – 1,000	4,078	58.96	1,826,541	0.92
1,001 – 10,000	1,742	25.18	5,386,783	2.71
10,001 – 100,000	318	4.60	9,864,157	4.96
100,001 – less than 5% of issued shares	116	1.68	69,733,470	35.06
5% and above of issued shares	1	0.01	112,071,652	56.35
	6,917	100.00	198,896,419	100.00

* *Excluding 10,988,000 shares bought back and retained by the Company as treasury shares.*

Other Information

(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2023 (cont'd)

List Of Thirty Largest Shareholders As At 30 August 2023

	Name of Shareholders	No. of Shares	%
1.	Hong Leong Manufacturing Group Sdn Bhd	112,071,652	56.35
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	5,786,800	2.91
3.	Kumpulan Wang Persaraan (Diperbadankan)	4,750,500	2.39
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	3,780,448	1.90
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund	2,876,200	1.45
6.	AmanahRaya Trustees Berhad - Public Smallcap Fund	2,563,800	1.29
7.	Hong Leong Industries Berhad	2,215,969	1.11
8.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	2,144,700	1.08
9.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	2,061,600	1.04
10.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 22)	1,966,900	0.99
11.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Norges Bank (FI 17)	1,928,051	0.97
12.	Cartaban Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	1,419,900	0.71
13.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Focus Fund	1,304,600	0.65
14.	AmanahRaya Trustees Berhad - Public Islamic Dividend Fund	1,252,000	0.63
15.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	1,189,600	0.60
16.	AmanahRaya Trustees Berhad - Public Strategic Smallcap Fund	1,185,000	0.60
17.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Balanced Fund	1,150,000	0.58
18.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	1,127,200	0.57
19.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	1,095,100	0.55
20.	Soft Portfolio Sdn. Bhd.	995,500	0.50
21.	AmanahRaya Trustees Berhad - PB Growth Fund	995,200	0.50
22.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse AG (SG-CLT-A-MY PR)	990,000	0.50

Other Information

(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2023 (cont'd)

List Of Thirty Largest Shareholders As At 30 August 2023 (cont'd)

	Name of Shareholders	No. of Shares	%
23.	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	965,500	0.48
24.	AmanahRaya Trustees Berhad - Public Savings Fund	919,700	0.46
25.	AmanahRaya Trustees Berhad - Public Islamic Treasures Growth Fund	879,100	0.44
26.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	688,450	0.35
27.	Manuel Zarauza Brandulas	681,338	0.34
28.	AmanahRaya Trustees Berhad - Public Islamic Select Enterprises Fund	652,600	0.33
29.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	607,500	0.30
30.	Cartaban Nominees (Tempatan) Sdn Bhd - PBTB for Takafulink Dana Ekuiti	558,600	0.28
		160,803,508	**80.85**

Substantial Shareholders As At 30 August 2023

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2023 are as follows:

		Direct Interest		Indirect Interest	
	Name of Shareholders	No. of Shares	%	No. of Shares	%
1.	Hong Leong Manufacturing Group Sdn Bhd	112,071,652	56.35	2,232,635	1.12^
2.	Hong Leong Company (Malaysia) Berhad ("HLCM")	-	-	115,193,025	57.92^
3.	HL Holdings Sdn Bhd	-	-	115,193,025	57.92#
4.	YBhg Tan Sri Quek Leng Chan	-	-	116,188,525	58.42*
5.	Hong Realty (Private) Limited	-	-	115,733,275	58.19*
6.	Hong Leong Investment Holdings Pte. Ltd.	-	-	115,733,275	58.19*
7.	Kwek Holdings Pte Ltd	-	-	115,733,275	58.19*
8.	Mr Kwek Leng Beng	-	-	115,733,275	58.19*
9.	Mr Kwek Leng Kee	-	-	115,733,275	58.19*
10.	Davos Investment Holdings Private Limited	-	-	115,733,275	58.19*

Notes:

^ *Held through subsidiary(ies).*
# *Held through HLCM.*
* *Held through HLCM and a company in which the substantial shareholder has interest.*

Other Information

(Cont'd)

3. DIRECTORS' INTERESTS AS AT 30 AUGUST 2023

Subsequent to the financial year end, there was no change, as at 30 August 2023, to the Directors' interests in the ordinary shares and/or redeemable convertible unsecured loan stocks over ordinary shares of the Company and/or its related corporations, appearing in the Directors' Report on pages 115 to 116 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016.

4. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors, chief executives and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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Malaysian Pacific Industries Berhad

A Member of the Hong Leong Group

Registration No. 196201000323 (4817-U)

FORM OF PROXY

I/We ______________________________

NRIC/Passport/Company No. ______________________ Tel No. ______________

of ______________________________

______________________ Email address ______________________

being a member of **MALAYSIAN PACIFIC INDUSTRIES BERHAD** ("the Company"), hereby appoint ______________

______________________ NRIC/Passport No. ______________________

of ______________________________

Tel No. ______________ Email address ______________________

or failing him/her ______________________ NRIC/Passport No. ______________

of ______________________________

Tel No. ______________ Email address ______________________

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Sixty-second Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia on Wednesday, 1 November 2023 at 3.00 p.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote on a poll as indicated below with an "X":

	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Director Fees and Directors' Other Benefits		
2	To re-elect YBhg Dato' Mohamad Kamarudin Bin Hassan as a Director		
3	To re-appoint KPMG PLT as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
4	To approve the ordinary resolution on authority to Directors to allot shares and waiver of pre-emptive rights		
5	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad, GuoLine Capital Assets Limited and persons connected with them		
6	To approve the ordinary resolution on the proposed renewal of authority for the purchase of own shares by the Company		

Dated this __________ day of ______________ 2023

Number of shares held: ______________

CDS Account No.: ______________

____

Signature(s) of Member

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 24 October 2023 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*
2. *If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.*
3. *If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.*
4. *A proxy may but need not be a member of the Company.*
5. *Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. 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 two (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. A member who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*
6. *Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).*
7. *In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its duly authorised officer or attorney.*
8. *All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia or lodged electronically via email at cosec-hlmg@hlmg.com.my not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.*
9. *In the event two (2) or more proxies are appointed, please fill in the ensuing section:*

Name of proxies	***% of shareholdings to be represented***

10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Sixty-second Annual General Meeting will be put to a vote by way of a poll.*

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretaries
MALAYSIAN PACIFIC INDUSTRIES BERHAD
Registration No. 196201000323 (4817-U)
Level 31, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

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Registration No. 196201000323 (4817-U)

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No. 6, Jalan Damanlela
Bukit Damansara
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