



TOMYPAK HOLDINGS BERHAD

Registration No. 199501008545 (337743-W)

Head Office & Main Plant :

PTD 109476, Jalan Cyber 4
Kawasan Perindustrian Senai Fasa 3
81400 Senai, Johor Darul Takzim, Malaysia

Tel: (6)07-535 2222 **Fax:** (6)07-535 2228

Email: sales@tomypak.com.my / investor@tomypak.com.my

Tampoi Plant:

No.11, Jalan Tahana, Kawasan Perindustrian Tampoi
80350 Johor Bahru, Johor Darul Takzim, Malaysia

Tel: (6)07-237 8585 **Fax:** (6)07-237 8575

Melaka Plant :

LLot 1293 & 1294, Jalan Industries Rembia 9
Kawasan Perindustrian Rembia
78000 Alor Gajah, Malacca, Malaysia

Tel: (6)06-316 1199 **Fax:** (6)06-316 1166

Email: info@spplas.com

KL Office:

Unit 508 & 510, Block A, Kelana Centre Point
No.3, Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel: (6)03-7880 4233 **Fax:** (6)03-7880 7233

Email: tpsales@tomypak.com.my

<http://www.tomypak.com.my>



TOMYPAK HOLDINGS BERHAD

Registration No. 199501008545 (337743-W)

TOMYPAK HOLDINGS BERHAD

ANNUAL REPORT 2020

**ANNUAL
REPORT
2020**

CORPORATE REVIEW

Corporate Information	2
Company Profile	4
Chairman's Report	6
Profile of Directors	11
Key Senior Management	16
Management Discussion and Analysis	19
Corporate Governance Overview Statement	24
Audit Committee Report	38
Statement on Risk Management and Internal Control	42
Sustainability Report	47
Five-Year Financial Highlights and Financial Indicators	53

CONTENTS



FINANCIAL STATEMENTS

Directors' Report	56
Statements of Financial Position	62
Statements of Profit or Loss and Other Comprehensive Income	63
Consolidated Statement of Changes in Equity	64
Statement of Changes in Equity	66
Statements of Cash Flows	68
Notes to the Financial Statements	71
Statement by Directors	122
Statutory Declaration	122
Independent Auditors' Report	123

OTHER INFORMATIONS

Analysis of Shareholdings	127
Analysis of Warrant Holdings	130
Share Buy-Back Statement	133
Particulars of Properties	143
Notice of Twenty Sixth Annual General Meeting	144
Statement Accompanying Notice of Twenty Sixth Annual General Meeting	149
Administrative Notes For The Fully Virtual Twenty Sixth Annual General Meeting	150

PROXY FORM

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Chairman
Non-Independent Non-Executive
Director**

**Members
Independent Non-Executive
Directors**

**Non-Independent Non-Executive
Director**

Executive Director

Mr. Yong Kwet On

**To' Puan Rozana Binti
Tan Sri Redzuan**

Encik Azmi Bin Arshad

Datuk Kamal Bin Khalid
(Appointed on 1 September 2020)

**Mr. Chin Cheong Kee @
Chin Song Kee**
(Retired on 19 August 2021)

Mr. Lim Hun Swee
*(Re-designated from Managing
Director on 1 January 2021 and
resigned on 20 May 2021)*

Mr. Tan See Yin

NOMINATION COMMITTEE

Chairman

To' Puan Rozana Binti
Tan Sri Redzuan

Members

Mr. Yong Kwet On

Encik Azmi Bin Arshad

Datuk Kamal Bin Khalid
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @
Chin Song Kee
(Ceased on 19 August 2020)

RISK MANAGEMENT COMMITTEE

Chairman

Datuk Kamal Bin Khalid
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @
Chin Song Kee
(Ceased on 19 August 2020)

Members

Encik Azmi Bin Arshad

Mr. Tok Fu Soon
*(Senior Manager of Corporate
Affairs of Tomypak Flexible
Packaging Sdn Bhd)*

Mr. Lim Hun Swee
(Ceased on 20 May 2021)

INVESTMENT AND DEVELOPMENT COMMITTEE

Chairman

Mr. Yong Kwet On

Members

Mr. Tan See Yin

Datuk Kamal Bin Khalid
(Appointed on 1 September 2020)

Mr. Lim Hun Swee
(Ceased on 20 May 2021)

Mr. Chin Cheong Kee @
Chin Song Kee
(Ceased on 19 August 2020)

AUDIT COMMITTEE

Chairman

Encik Azmi Bin Arshad

Members

To' Puan Rozana Binti
Tan Sri Redzuan

Datuk Kamal Bin Khalid
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @
Chin Song Kee
(Ceased on 19 August 2020)

REMUNERATION COMMITTEE

Chairman

Encik Azmi Bin Arshad

Members

Mr. Yong Kwet On

To' Puan Rozana Binti
Tan Sri Redzuan

Datuk Kamal Bin Khalid
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @
Chin Song Kee
(Ceased on 19 August 2020)

CORPORATE INFORMATION (CONT'D)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

Chairman

To' Puan Rozana Binti
Tan Sri Redzuan

Members

Mr. Saw Ser Chyang
*(Manager of Image, Design, Colour
Management of Tomypak Flexible
Packaging Sdn Bhd)*

Mr. Chuan Teik Boon
*(General Manager of Sales &
Marketing of Tomypak Flexible
Packaging Sdn Bhd)*

Mr. Lim Hun Swee
(Ceased on 20 May 2021)

REGISTERED OFFICE

Suite 9D, Level 9, Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Tel : 07-2241035
Fax: 07-2210891

PRINCIPAL PLACE OF BUSINESS

Head Office & Main Factory:
PTD 109476, Jalan Cyber 4
Kawasan Perindustrian Senai Fasa 3
81400 Senai
Johor Darul Takzim
Tel : 07-535 2222
Fax: 07-535 2228

Factory 2:

No.11, Jalan Tahana
Kawasan Perindustrian Tampoi
80350 Johor Bahru
Johor Darul Takzim
Tel : 07-2378585
Fax: 07-2378575

Sales & Marketing Office:

508, Level 5, Block A,
Kelana Centre Point,
No. 3, Jalan SS7/19.
Kelana Jaya
47301 Petaling Jaya,
Selangor
Tel : 03-78804233
Fax: 03-78803653

SP Plastic & Packaging Sdn Bhd

Lot 1293 & Lot 1294,
Jalan Industri
Rembia 9, Kawasan
Perindustrian Rembia,
78000 Alor Gajah,
Malacca
Tel : 06-3161199
Fax: 06-3161166

SUBSIDIARIES

Tomypak Flexible Packaging Sdn Bhd
(Wholly owned)

SP Plastic & Packaging Sdn Bhd
(51% owned)

COMPANY SECRETARIES

Madam Santhi A/P Saminathan
(MAICSA 7069709)

Madam Leong Siew Foong
(MAICSA 7007572)

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(Registration No.
199601006647(378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-78904700
Fax: 03-78904670

AUDITORS

KPMG PLT
Chartered Accountants
Level 3, CIMB Leadership
Academy,
No.3, Jalan Medini Utara 1,
Medini Iskandar,
79200 Iskandar Puteri
Johor Darul Takzim
Tel : 07-2662213
Fax: 07-2662214

PRINCIPAL BANKERS

RHB Bank Berhad
United Overseas Bank (Malaysia)
Berhad
OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Sector : Industrial Products
Stock Name : Tomypak
Stock Code : 7285

WEBSITE ADDRESS

<http://www.tomypak.com.my>

COMPANY PROFILE

Since its incorporation in 1979 and listing on the main board of Bursa Malaysia in 1996, Tomypak Holdings Berhad and its subsidiaries Tomypak Flexible Packaging Sdn Bhd and SP Plastic & Packaging Sdn Bhd (“Tomypak” or “The Group”) has established itself as a leader in the flexible packaging marketplace. Tomypak ensures quality of the highest standards through innovation and adopting latest technologies and facilities to meet customers’ requirements and expectations in terms of quality, for long term success and sustainability. Tomypak is the first flexible packaging material company in Malaysia certified with HACCP (Hazard Analysis Critical Control Point for food safety), which it received in 2003.

In addition, the Group’s strength is in our people where more than 370 experienced and dedicated employees work harmoniously together with excellent team work. The Group is focused on consistent quality and timely delivery to ensure long term relationships, trust and continuous support from our customers.



COMPANY PROFILE
(CONT'D)

GROUP VISION

To be the leader of high barrier vacuum metallising packaging materials in our chosen market.

GROUP MISSION

To be the leading flexible food packaging materials company in Malaysia:

- through the provision of cost-effective high-barrier vacuum metallized film laminates by maximizing the use of leading edge technologies in vacuum metallizing process
- through the provision of innovative technical support and solutions to meet the packaging requirements of our customers
- by ensuring adequate production capacity and facilities to meet market demands at all times



QUALITY ASSURANCE AND CERTIFICATION

Tomypak places utmost importance on the quality of the products it delivers to its customers. At Tomypak, quality assurance is achieved and consistently maintained and upgraded, through the Group’s focus not only on its facilities and machineries, but also on upgrading the skills of our people. This is complemented with the setting up of well-equipped laboratories for continuous improvements, and highly specialised latest technologies such as High Resolution Camera Inspection Units, Computer Control Panels and Settings for Inspection as well as Tagging for Uncertainty and Non Conforming Goods. All such technologies allow for the supply of products that meets the high quality standards demanded by our customers.

In addition, the Group is deeply committed to its long standing tradition of achieving international certifications to increase competitiveness, quality and customer confidence. Some of the more pertinent certifications are:

- Food Safety System Certification 22000 (FSSC 22000) in 2015
- HACCP Certification by Lloyd’s Register since 2003
- Raw Materials compliance to global food safety standards such as US Food & Drug Administration, European Community (“EC”) Requirements, Singapore Food Act and Malaysia Food Act
- Advanced laboratory test equipment compliant with global test methods such as American Society for Testing and Material to support R&D and Quality Control activities
- World’s leading ethical trade membership organization such as Supplier Ethical Data Exchange (“SEDEX”)



CHAIRMAN'S REPORT

DEAR VALUED SHAREHOLDERS

It gives me pleasure to address shareholders of Tomypak Holdings Berhad (“Tomypak” or “Company”) on the performance of Tomypak and its subsidiaries (“Tomypak Group” or “Group”) for the financial year ended 31 December 2020 (“FY 2020”).

MR. YONG KWET ON
Chairman, Non-Independent
Non-Executive Director



CHAIRMAN'S REPORT (CONT'D)

THE YEAR IN REVIEW

The FY 2020 saw the Tomypak Group in the final phase of its realignment with the relocation of the last 2 printing lines as well as the last extrusion laminating line from the Tampoi factory to the Senai factory. Currently only the 2 old CPP lines as well as 2 Metallizers are still operating out of the Tampoi plant. Although the original intention was to also move the bag making lines in FY 2020, this has been put on hold pending further evaluation.

At the end of FY 2020, a total of 8 gravure printing lines, 1 flexo printing line, 10 laminating lines, 17 slitters together with the new CPP plant are operating out of the Senai plant whilst the Tampoi plant continues to focus on metallizing and CPP operations together with bag making.

The Group has applied to the extend the lease of the Tampoi site which had only 14 years left on its lease as at end FY 2020 and awaiting final approval from the State Government. Given the current situation in relation to the Covid-19 pandemic affecting the smooth operations of various government departments, we are cautiously optimistic that we will be able to see positive progress on this matter for the remaining period of 2021. Nevertheless, your Management will continue to pursue this matter diligently.

A. UPDATE ON COVID-19 AND TOMYPAK'S OPERATIONS

The Covid-19 pandemic has continued to affect the general population and businesses in Malaysia and worldwide for much of 2020 and this has very much continued in the initial few months of 2021. The Malaysian Government imposed various stringent containment strategies such as movement control order ("MCO") to manage and control the spread of Covid-19 throughout 2020 and right through 2021 even as we are putting this report together. While such measures were able to protect the well-being and health of the general population to a certain extent, the curtailment of business activities in Malaysia and worldwide had severely affected the economy as well as the general business environment. In fact since October 2020, the situation in Johor especially has deteriorated with many cases reported in locations (factories as well dormitories) at close proximity to where both of our factories are located which has resulted in another round of MCO imposed in May 2021.

Your Management developed and activated strategic action plans in mid 2020 with the primary aim of dealing with the issue of the pandemic to assure the well-being, health and safety of our employees as well as maintain business continuity. These Strategic Action Plans have managed to mitigate adverse impact of the pandemic to a large degree. As the pandemic situation continues to persist, these Plans have been further enhanced in late 2020 and in early

2021 as the situation in and around Johor Bahru/Senai became even more serious. In addition to the normal control measures undertaken in 2020, further enhancements include bi-weekly inspections by the Health & Safety team, weekly sanitizing of the factories, daily sanitizing of the dormitory onsite in Senai as well as more control measures for our foreign workers to leave the premises during the weekends for their regular provision shopping and meals outside of our premises. The Action Plans also require all visitors including delivery vehicles from red zones to present negative Covid-19 tests results before they are allowed into our premises and even when they have the necessary certificates are strictly prohibited from entering any of the company's enclosed premises and offices. A host of other safety and health initiatives have also been implemented including the insistence for virtual meetings to minimize physical contact with all stakeholders. Such stringent action plans have positively contributed to zero cases of Covid-19 amongst all our foreign employees when we carried out the mandatory testing of all foreign employees in February 2021; and all our local employees are also free of the dreaded disease.

In addition, our on-site dormitory in Senai which can house 162 employees has passed detailed inspection and scrutiny by the Department of Labour under the Ministry of Human Resources and was granted approval under the Accommodation Act 446 as early as December 2020.

CHAIRMAN'S REPORT (CONT'D)

From the business continuity perspective, we engaged more frequently with our customers, suppliers and other business partners to minimize any potential business interruptions. Critical risk evaluation of the entire supply chain was undertaken and where necessary appropriate action plans have been put in place to ensure that we are able to continue to operate as efficiently as we can. We have been fortunate to be able to continue operations as normal as we can despite various setbacks and challenges presented.

One of the key issues that affected our operations was the unseen impact of Covid-19 on the often taken for granted issue of physical movement of goods for both raw materials and finished goods. In our particular instance, the issues were in relation to the shipments of our imported raw materials specifically from China, and the export of our finished products to our customers to as far as South Africa, South America and even to various countries in ASEAN. In the initial period when there was total shutdown worldwide, shipment of raw materials was greatly affected not only from the shutdown of many of our raw materials suppliers' factories from China, Japan, France and Singapore but from the congestions at both the exporting ports as well as our own ports due to restrictions of operations. Towards the end of FY 2020 as the global economy recovered, the supply chain problems persisted as demand for raw materials began to outstrip supply and robust demand for shipping led to global shortages of containers and shipping lines. Such issues led to shortages and delayed delivery of raw materials, increase in costs of raw materials prices as well as record-high freight prices.

Notwithstanding such never seen before upheaval in supply chain issues, your company was still able to carry on with reasonable operations during the FY 2020 albeit with some impact on delay and increase in costs of operations. In fact, prices of our key raw materials increased by as much as 50% over the 10 months from June 2020 to March 2021 while costs for movement of containers increased by as much as 100% over the same period. Whilst the tight supply of raw materials, shipping issues and price increases seem to have improved a little in Q2-FY2021, the consensus in the market is that these issues will continue to persist through to the end of FY 2021. We will continue to closely monitor these exceptional challenges to ensure that our business operations will not be unduly severely affected going forward with strict cost management in all operational areas to cushion the impact of rising costs.

B. MANAGERIAL ENHANCEMENT

I would like to take this opportunity to advise that Mr. Lim Hun Swee retired from his Managing Director position on 31 December 2020 and was then redesignated as Non-Independent Non-Executive Director at Tomypak Holdings Berhad. Mr Lim has since resigned from the Board on 20 May 2021. Let us take a moment to thank Mr. Lim for his efforts over the past 6 years particularly in the set up and development of our new Senai factory. We wish him all the best.

Whilst the Board has yet to finalise the appointment of a new Managing Director, the Board has appointed the Executive Director, Mr Tan See Yin, to assume all responsibilities for the performance of the Group in the meantime.

To further enhance the organizational capabilities in specific crucial area, a new Director of Sales & Marketing with proven international experiences with a major MNC was appointed to support the Executive Director in the areas of upgrading and enhancing the sales and marketing activities of the Group. An organization restructure has been undertaken to streamline the reporting hierarchy and to improve communication, accountability and responsibility of key management staff. This restructuring will also allow all level of employees to have a better view of their potential career path within the organization. A compensation review was also undertaken with a view to enhance retention and recruitment capabilities of the Group.

C. OPERATIONAL AND FINANCIAL PERFORMANCE

FY 2020 was a year that the Group continued to strengthen operational area to set the framework for future growth whilst protecting the Group's business during this difficult year.

The Tomypak Group revenue for FY 2020 was marginally lower at RM154 million as compared to RM158 million achieved in FY 2019. Export sales in FY 2020 accounted for 65% (RM101 million) of our total revenue as compared to 56% (RM88 million) in FY 2019 due to increase in sales to our international major business partners whilst sales to our local business partners reduced due to the impact of the pandemic. We foresee that with the past intensive sales and marketing activities and the recruitment of a more experienced Director of Sales & Marketing since the beginning of the year, there will be improvements in revenue and operational results for the immediate future.

CHAIRMAN'S REPORT (CONT'D)

Whilst revenue was marginally lower, we however saw improvements in overall Group financial performance with losses narrowing to RM0.5 million from RM11.6 million in FY 2019. Operationally at Earnings before Interest and Tax level, the Group managed to turn positive from losses of RM8.2 million in FY 2019 to profit of RM1.4 million in FY 2020. Earnings before Interest Tax, Depreciation and Amortisation ("EBITDA") continued to improve from RM9.9 million in FY 2019 to RM18.9 million for FY 2020, a reflection of improvement at the operation level.

At the subsidiaries' operational level, both its wholly owned Tomypak Flexible Packaging Sdn Bhd ("TFP") and 51% SP Plastics Sdn Bhd were profitable, with Profit before Tax of RM0.12 million (as compared to a Loss before tax of RM10.7 million for FY 2019) and RM0.16 million respectively.

The positive results at TFP stemmed principally from improvements in operations as a result of the various transformation programs put in place since we moved to the new facilities in FY 2018. Management will continue to focus on further enhancement of internal operations and the continuous upskilling and training of all our employees on the operation floor to achieve further positive impact.

Resulting from the improvements in operational results, the overall financial position of the Group continues to be healthy and strong. Debt-Equity ratio of the Group continues to improve, from 0.36 times in FY 2019 to 0.23 times in FY 2020 with the term loans secured earlier to fund the expansion mostly fully paid off except for approximately RM11.7 million which will be fully repaid by mid-2023 according to repayment schedule.

Your Board believes that the encouraging results from the transformation programs to date will spur the Group to continue to innovate and improve its operational efficiencies to achieve better results for FY 2021 and beyond. Further focus on human resource transformation will be carried out in FY 2021 as the operating environment and labour market is expected to continue to be difficult given the continuing Covid-19 pandemic. Further improvements in productivity and efficiencies are expected with some of the continuing upskilling and hands on training being enhanced in FY 2021. Your Board also believes that the roll out of new products developed will begin to bring about positive impact from FY 2021 onwards as the Group is already in discussion with major MNCs

on utilizing these new environmental friendly materials.

More detailed discussions on the financial performance and financial position of the Group can be found on pages 19 to 23, under Management Discussion and Analysis.

D. CORPORATE GOVERNANCE & BOARD COMMITMENT

Your Board is also well aware of the need to continue to upgrade the Group's adherence and compliance to the Corporate Governance guidelines set by Bursa Malaysia under the Bursa Malaysia Listing Requirements for listed companies, as well as continue to enhance risk management given the fast changing and uncertain operational landscape seen over the past 18 months.

Some issues were raised by shareholders at the last AGM held in August 2020, covering allegedly unauthorized travel expenses, alleged Service Contract violation, supposedly erroneous computation of profit sharing, and lack of action from a whistle blowing incident by a former employee. I would like to confirm that the various Board Committees had looked into the matters with legal counsel and the Chairman of the Audit Committee has duly updated Bursa on these issues.

In view of these as well as our ongoing commitment to Corporate Governance, your Board will continuously take all necessary steps to ensure that the Group fully complies with the recommendations of the various authorities. An overview write-up on Corporate Governance Statement is provided on pages 24 to 37, whilst the detailed Corporate Governance Report can be viewed on the Group website, www.tomypak.com.my.

There are a few areas that I would like to briefly mention more about what the Group is doing to ensure that your Group is in full compliance with various regulatory and compliance matters that are important for the Group to operate effectively and responsibly.

Last year, I mentioned about the Sustainability Plan we have developed. I am happy to advise that despite the difficult operating environment in FY 2020, your Group has been able to implement substantially the areas of managing

CHAIRMAN'S REPORT (CONT'D)

the environment that was encapsulated in Phase 1 of our plan in FY 2020. We believe that the roll out of the plans we mentioned has also been instrumental in enhancing operational efficiencies. More strategic implementations will be carried out this financial year with clear view of meeting the United Nation's Sustainable Development Goals scheduled for 2030. Most of our MNCs are deeply concerned about this 2030 agenda and there has been an increase in collaboration with these MNCs on the plan forward. A more comprehensive report on our Sustainability Plan is presented on pages 47 to 52.

Your Board would also like to report that the Group has also successfully implemented measures to be compliant with the 2018 Malaysian Anti-Corruption Commission (Amendment) Act ("MACC Act 2018") before the deadline set and standard operation policies are in place to manage this.

On Risk Management, the Group continues to place emphasis on ensuring that there is no let-up in our resolve to enhance our strategies, processes and controls, to be ready to mitigate any potential risks that may surface.

A more detailed report is presented under the Statement of Risk Management and Internal Controls on pages 42 to 46.

E. INVESTMENTS

The proposed investment in a strategic 51% stake in a small but growing printing company based in Malacca was completed on 30th July 2020. This acquisition will provide your Group with various opportunities including access to their customer base as the common shareholders of the new subsidiary are also involved in manufacturing of equipment for the food and beverage manufacturing companies locally and internationally. The Group will have access to their international sales and marketing offices located in 7 countries in the Asia region although due to the pandemic, this area of collaboration has been rather slow to take-off at the moment. Once the pandemic in these countries are more controlled and operations in these countries resume to past levels, further communications and discussions will continue to work out the appropriate arrangements for collaboration with these offices.

Your Management will continue to explore similar opportunities that will not only enhance the utilization of the Group's expanded capacities but also gain access to new markets, technologies, experienced human resources and R & D capabilities in the coming years.

F. GOING FORWARD

Despite the strong headwinds ahead with the current pandemic not abating worldwide, your Board is cautiously optimistic that the future ahead continues to be better for the Group. The challenges ahead are plenty with many uncertainties but the various strategies and action plans that your Group has put in place over the past years will provide the foundation to cushion the impact of uncertainties just as we have been able to do so for FY 2020 during the height of the pandemic.

G. APPRECIATION

Lastly, I would also like to take this opportunity to express the Board's appreciation and sincere thanks to all our valued customers, partners and stakeholders, our loyal shareholders, governmental and regulatory authorities, our trade and business partners and financial institutions for their continuing kind support throughout this difficult financial year.

A very special thanks and appreciation to our dedicated and loyal staff and management for your continuing commitment and dedication during this crucial pandemic period.

And to my esteemed colleagues on the Board, a very special thank you for your fullest support, hard work and invaluable input to help endure a difficult year.

I look forward to many more years of greater achievements as the transformation program is fully rolled out in FY 2021.

STAY SAFE ALWAYS

Thank you and very best regards

Yong Kwet On
CHAIRMAN

PROFILE OF DIRECTORS

YONG KWET ON

- Non-Independent Non-Executive Director
- Chairman of the Board and Investment and Development Committee and member of the Nomination and Remuneration Committees

Nationality:
Malaysian

Age:
64

Date of Appointment:
18 November 2014

Mr. Yong Kwet On was appointed a Non-Independent and Non-Executive Director of the Company on 18 November 2014. He was subsequently appointed as Chairman of the Board of Directors on 1 October 2019. He has more than 40 years' experience in the Technology and ICT Industry, from hands on to top management work experience covering large scale data centre infrastructure development projects, systems, process engineering, manufacturing systems and large scale technology implementations. While primarily based in Malaysia, the experience covers business and project deliveries in Asia such as Singapore, Thailand, Indonesia, Philippines, India as well as in Europe including the United Kingdom, Germany, Spain and Switzerland.

He graduated in 1978 with a BA (Econs) from the University of Windsor, Ontario, Canada. He was a founding member and honorary secretary of the Malaysia Canada Business Council and a founding member of the Malaysia Data Centre Alliance (under the auspices of MDeC and Pikom).

He has been involved in two successful international IPO listings, one on SESDAQ Singapore Stock Exchange and the other on AIM London Stock Exchange.

Mr. Yong is a member of the Nomination Committee and Remuneration Committee and Chairman of the Investment Development Committee of the Group since 13 February 2015.

He has no family relationship with any Director. He is a substantial shareholder of the Group through his substantial interest in New Orient Resources Sdn Bhd. There is no conflict of interest in respect of his involvement with the Group and he has not been convicted of any offences within the past 5 years.

PROFILE OF DIRECTORS (CONT'D)

TAN SEE YIN

- Executive Director
- Member of the Investment and Development Committee

Nationality:
Malaysian

Age:
65

Date of Appointment:
18 November 2014

Mr. Tan See Yin was appointed a Non-Independent and Non-Executive Director of the Company on 18 November 2014. He was subsequently redesignated to Executive Director on 4 February 2016. He graduated from University of Malaya in 1979 in Bachelor of Accounting (Hons) and is a member of the Malaysian Institute of Accountants.

He started his career as a management consultant in 1979 and for 11 years he was attached to two of the largest management consultancy firms in Malaysia. In 1990, he joined one of Malaysia's then most dynamic and largest conglomerates, and served in a number of senior executive positions for 20 years, where he was involved intimately in a wide range of line and corporate functions for this Group, in varied industries domestically and internationally. Operationally, he served as Group Managing Director in two of the group companies listed on Bursa Malaysia. His last posting was as Senior Director of Group Strategy and Business Development for the entire Group, a position he held until he retired in October 2010.

Mr. Tan is presently the Acting Managing Director of the Group, having assumed this position since 1 January 2021.

He has no family relationship with any Director and/ or substantial shareholder of the Group. There is no conflict of interest in respect of his involvement with the Group and he has not been convicted of any offences within the past 5 years.

PROFILE OF DIRECTORS
(CONT'D)

TO' PUAN ROZANA BINTI TAN SRI REDZUAN

- Independent Non-Executive Director
- Chairman of the Nomination and ESOS Committees and member of the Remuneration and Audit Committees

Nationality:
Malaysian

Age:
56

Date of Appointment:
1 April 2015

To' Puan Rozana Binti Tan Sri Redzuan was appointed as an Independent Non-Executive Director of the Company on 1 April 2015. To' Puan has been a member of the Audit and Remuneration Committees of the Group since 28 May 2015 and was subsequently appointed as the Chairman of the Audit Committee on 1 September 2016. To' Puan was also appointed as a member of Nomination Committee of the Group on 20 August 2015 and a member of the ESOS Committee of the Group on 24 November 2015.

To' Puan was subsequently elected as the Chairman of ESOS Committee and appointed as a member of Risk Management Committee on 18 May 2017. To' Puan was redesignated as a member of Audit Committee and Chairman of Nomination Committee on 1 December 2019. She also stepped down from Risk Management Committee on 1 December 2019.

She is a member of the Association of Chartered Certified Accountants ("ACCA") and Malaysian Institute of Accountants ("MIA").

She was the Chief Executive Officer of Plantation & Development (M) Berhad ("P & D"), a company listed on Bursa Malaysia, from 1999 to 2003. P & D was involved in plantation activities, property development and construction. She also spearheaded the corporate restructuring of the company. Prior to joining the P & D Group of companies in 1995, she was an accountant with the now defunct accounting firm, Arthur Andersen & Co, and subsequently joined PB Securities Sdn. Bhd., a stockbroking firm. She presently sits on the board of various private companies that are in activities such as mining, IT-related business and property development.

She also sits on the Board of BSL Corporation Berhad.

To' Puan Rozana has no family relationship with any Director and/or substantial shareholder of the Group. There is no conflict of interest in respect of her involvement with the Group and she has not been convicted of any offences within the past 5 years.

PROFILE OF DIRECTORS (CONT'D)

AZMI BIN ARSHAD

- Independent Non-Executive Director
- Chairman of the Remuneration and Audit Committees and member of the Nomination and Risk Management Committees

Nationality:
Malaysian

Age:
58

Date of Appointment:
1 October 2019

Encik Azmi was appointed as an Independent and Non-Executive Director of the Company on 1 October 2019. He was subsequently appointed as Chairman of the Audit Committee and the Remuneration Committee, member of the Nomination Committee and member of the Risk Management Committee on 1 December 2019.

Encik Azmi graduated with an honours degree in accountancy from the University of East Anglia, Norwich, UK in 1986. He then underwent articleship with KPMG Peat Marwick McLintock, London and completed the professional examinations of the Institute of Chartered Accountants in England & Wales (ICAEW) in 1990. He then continued his career in Malaysia with KPMG Kuala Lumpur in charge of audits of various public listed companies and advisory work.

He was head of the funds management and budget department at Malaysia Building Society Berhad, corporate finance manager at Usaha Tegas Sdn Bhd, vice president of the property and energy sector of the Sapura Group, senior general manager of finance at Crest Petroleum Berhad in 2003 and chief financial officer of SapuraCrest Petroleum Berhad until 2011, after which he was chief operating officer of Sapura Resources Berhad until 2012. He then moved on to become one of the founding members of Reach Energy Berhad in 2012, which was subsequently listed on the Main Board of Bursa Malaysia as an oil and gas special purpose acquisition company (SPAC). He was chief financial officer of Reach Energy Berhad until 2018. He also sat on the board of LBI Capital Berhad 1991-1996.

He has more than 30 years' experience in accounting, financial management, risk management, corporate finance, joint ventures, acquisitions, business rationalisation and corporate restructuring and has served in companies involved in financing, manufacturing, property development, property investments, broadcasting, oil and gas services and aviation.

He also presently sits on the board of trustees and is Chairman of the audit committee of Lembaga Amanah Kolej Islam Malaysia Berdaftar. He is also on the board of governors of Universiti Islam Malaysia and on the board of Reach Energy Holdings Sdn Bhd.

Encik Azmi is the son of Tun Arshad Bin Ayub, who is a substantial shareholder of the Company. Save as disclosed, he does not have any family relationship with any other director and/or substantial shareholder of the Group. There is no conflict of interest in respect of his involvement with the Group and has not been convicted of any offence within the past 5 years.

PROFILE OF DIRECTORS (CONT'D)

DATUK KAMAL BIN KHALID

- Independent Non-Executive Director
- Chairman of the Risk Management Committee and member of the Nomination, Remuneration, Audit and Investment and Development Committees

Nationality:
Malaysian

Age:
50

Date of Appointment:
1 September 2020

Datuk Kamal was appointed as an Independent Non-Executive Director of the Company on 1 September 2020. He was also appointed as Chairman of Risk Management Committee and member of the Nomination, Remuneration, Audit and Investment and Development Committees on 1 September 2020.

He is currently the Chief Corporate and Transformation Officer at Celcom Axiata Berhad. He received his secondary education in MRSM Muar, Johor, and graduated with a Bachelor of Laws (with Honours) Degree from the University of Nottingham, England, in 1994. He was selected to become Malaysia's Eisenhower Fellow for 2005.

He previously served as Group Managing Director at Media Prima Berhad from August 2017 to March 2020, having held various positions including Chief Executive Officer, Television Networks, Chief Operating Officer of Group Shared Services, Chief Operating Officer of Business Development and International and Head of Content Distribution.

Prior to joining Media Prima on 4 May 2009, he served as Head of the Communications Unit in the Prime Minister's Office from October 2003 to April 2009.

He has worked in the financial services sector, gaining experience in banking and private equity financing. He spent three and a half years at the Policy and Development Division at the Kuala Lumpur Stock Exchange (now Bursa Malaysia), where he eventually rose to the position of Manager, International Affairs.

He was an Independent, Non-Executive Director of Utusan Melayu (M) Berhad from 2004 to 2009. He has also been a Director on the Board of Malaysia External Trade Development Corporation (MATRADE) since 2018.

Datuk Kamal has no family relationship with any Director and/or substantial shareholder of the Group. There is no conflict of interest in respect of his involvement with the Group and he has not been convicted of any offences within the past 5 years.

KEY SENIOR MANAGEMENT

TAN SEE YIN

Executive Director

Please refer to Directors' Profile page 12.

LEE KWEE HENG

Director, Sales & Marketing of Tomypak Flexible Packaging Sdn Bhd

Mr. Lee Kwee Heng, a Malaysian, male, age 53, was appointed to the position of Director of Sales & Marketing on 1 March 2021.

He holds a Bachelor of Science in Management Information System from Indiana University of Pennsylvania USA. Mr. Lee held many notable sales and marketing leadership positions with P&L experience in IBM across different countries and regions. His last position in IBM Asia Pacific (AP) as AP Sales Director was to lead and manage the AP sales team across 4 diversified regions (ANZ, India, Korea and ASEAN) to drive strategic growth, partnership development, and marketing to deliver on breakthrough business result. He is also a result-oriented business leader with a proven track record of reviving/transforming several weakening businesses to healthy growth.

He has no family relationship with any Director and/or major shareholder of Tomypak. He does not hold any directorship in public companies and listed issuers. He has not been convicted of any offence within the past five (5) years or been imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial year.

FOO JEE TENG

Director, Operations of Tomypak Flexible Packaging Sdn Bhd

Mr. Foo Jee Teng, a Malaysian, male, age 43, was appointed to the position of Director of Operations on 1 January 2021.

He joined the company in June 2018 as Assistant Plant Manager and was promoted to the position of Technical Director since June 2019. He has more than 23 years of extensive experiences in flexible packaging industry across Malaysia, Thailand, Indonesia and Taiwan. He is highly regarded by our customers for his technical acumen and knowledge. Currently, he manages the entire factory operations including the Printing, Laminating, Slitting and Bag-making departments. He is also responsible for Production Planning, Film casting and Metalising as well as overall maintenance of both factories.

He has no family relationship with any Director and/or major shareholder of Tomypak. He does not hold any directorship in public companies and listed issuers. He has not been convicted of any offence within the past five (5) years or been imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT (CONT'D)

TOK FU SOON

Senior Manager, Corporate Affairs of Tomypak Flexible Packaging Sdn Bhd

Mr. Tok Fu Soon, a Malaysian, male, aged 28, joined on 1 November 2018 and was subsequently appointed to the position of Senior Manager of Corporate Affairs on 1 January 2021.

He holds a qualification from the Association of Chartered Certified Accountant ("ACCA"), United Kingdom ("UK"). He is also a member of the Malaysian Institute of Accountants ("MIA"). Prior to joining the Group in November 2018 as Corporate Finance Manager, he was attached to KPMG PLT and was involved in the audit of various public listed companies in the manufacturing sector.

He has no family relationship with any Director and/or major shareholder of Tomypak. He does not hold any directorship in public companies and listed issuers. He has not been convicted of any offence within the past five (5) years or been imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial year.

CHIN CHING YIN

Manager, Accounts & Finance of Tomypak Flexible Packaging Sdn Bhd

Ms. Chin Ching Yin, a Malaysian, female, aged 41, was appointed to the position of Manager of Accounts & Finance on 18 June 2018.

She holds a degree in Bachelor of Arts (Hons), majoring in Accounting from University of Hertfordshire and is a Member of Malaysian Institute of Accountants. Prior to joining Tomypak, she has more than 16 years of working experience with exposures to internal audit, finance as well as compliance in the manufacturing industry.

She has no family relationship with any Director and/or major shareholder of Tomypak. She does not hold any directorship in public companies and listed issuers. She has not been convicted any offence within the past five (5) years or been imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial year.

HOO WAN LAI

Assistant Manager, HR & Admin of Tomypak Flexible Packaging Sdn Bhd

Ms. Hoo Wan Lai, a Malaysian, female, aged 47, was appointed to the position of Assistant Manager of HR & Admin on 16 December 2020.

She holds a Bachelor degree in Human Resource Management from University College Dublin. Ms Hoo joined Tomypak Flexible Packaging Sdn Bhd in December 2020 and heads the HR & Admin Department. She has approximately 26 years of working knowledge and experience in Human Resource Management, mostly in the construction industry in Singapore.

She has no family relationship with any Director and/or major shareholder of Tomypak. She does not hold any directorship in public companies and listed issuers. She has not been convicted of any offence within the past five (5) years or been imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT (CONT'D)

LIM KOK SOON

General Manager of SP Plastic & Packaging Sdn Bhd

Mr. Lim Kok Soon, a Malaysian, male, aged 47, was appointed to the position of General Manager of SP Plastic & Packaging Sdn Bhd on 1 August 2020.

He holds a Bachelor degree in Industrial Engineering & Management from Oklahoma State University United States. Mr. Lim started up SP Plastic & Packaging Sdn Bhd in February 2012 and was appointed as Director of SP Plastic & Packaging Sdn Bhd in 2015. He was redesignated as General Manager after the acquisition of 51% equity interest by Tomypak Holdings Berhad in August 2020. He has approximately 24 years of working knowledge in sales, quality system and management in the plastic flexible packaging industry.

He has no family relationship with any Director and/or major shareholder of Tomypak. He does not hold any directorship in public companies and listed issuers. He has not been convicted of any offence within the past five (5) years or been imposed with any public sanctions or penalties by the relevant regulatory bodies during the financial year.

The disclosure on the particulars of the key senior management is made in compliance pursuant to Appendix 9C of Bursa Malaysia Securities Main Market Listing Requirement.

MANAGEMENT DISCUSSION AND ANALYSIS

This section seeks to provide to our shareholders with a better appreciation and insight into the business and operations of the Group as well as to enlighten shareholders on our performance for FY 2020 and the immediate prospect for the Group.

GENERAL DESCRIPTION OF TOMYPAK GROUP

General

Tomypak Holdings Berhad operates through wholly owned subsidiary, Tomypak Flexible Packaging Sdn Bhd (“TFPSB”) and 51% owned subsidiary, SP Plastic & Packaging Sdn Bhd (“SPP”).

The acquisition of SPP was completed on 30 July 2020. This was to enable the Group to expand its existing packaging capacity and leverage on the existing clientele and business network of SPP in the food and beverage industry to broaden and strengthen the Group’s footprint in the Malaysia market.

The Group is involved in the manufacture and marketing of flexible packaging materials. The products manufactured and marketed by TFPSB are primarily for local and international food and beverage companies who use these printed, laminated and metallized packaging materials either in roll or bag form, to pack their final products such as sauces, seasoning, noodles, beverages, oils as well as snacks. Whereas, SPP currently focuses on digital printing as well as and serves as a marketing arm of the Group to service smaller customers.

The main categories of products are generally divided into the following:

- a) **Foil**, which generally are made for the sauce, seasoning, snacks and beverage products;
- b) **Metallized**, which are made for noodles, seasoning, beverage and oil products; and
- c) **General**, which are primarily made for noodles, oils, seasoning and beverage products.

Production Facilities

As at the end of FY 2020, the Group operates out of three separate but complementary factories. TFPSB operates out of its larger plant and head office on its 10.5 acres freehold land in Senai Industrial Estate and also at its existing 4 acres leasehold land located in the Tampoi Light Industrial Estate. Total rated capacity of TFPSB as at end FY 2020 was 40,000 metric tonnes per annum. SPP digital printing machine currently operates out of its premises in Malacca.

The main plant and equipment of TFPSB as of 31.12.2020 consists of:

Senai

- 1) 8 multi coloured rotogravure printing lines of various capacities;
- 2) 1 eight coloured flexo printing line;
- 3) 10 laminating lines, both wet, dry and solventless laminating lines;
- 4) 1 film casting machine;
- 5) 2 flexo bag making machines; and
- 6) Other ancillary supporting equipment such as 17 slitters and 1 recycling machine.

Tampoi

- 1) 2 metallizing plants;
- 2) 10 bags making machines,
- 3) 1 film casting machine; and
- 4) 1 slitter machine.

The factory rationalization programme of TFPSB was substantially completed in FY 2020. The Group will continue to enhance various transformation programmes to improve the overall effectiveness of its business operations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

GENERAL DESCRIPTION OF TOMYPAK GROUP (CONT'D)

Both TFPSB plants provide the Group with a total of 478,000 sq ft operational space and an annual rated capacity of 40,000 metric tonnes, sufficient capacity to cater for the Group's expansion strategies over the next 5 to 10 years. The realignment will improve the overall productivity of both plants, particularly the Senai plant which has bigger space and comfortable environment compared to the Tampoi plant. Currently, the total staff force of the Group consists 376 staff, of which 319 are in direct operations, with 274 based in Senai and 45 based in Tampoi. SPP has a work force of 9 staff for its overall business operations.

FINANCIAL REVIEW- FY 2020 VS FY 2019

Summarised below are the key financial information for the Group.

While there were several lockdowns imposed by the Malaysian government since March 2020, the Group managed to carry on its operations as it was granted approval from Ministry of International Trade and Industry ("MITI") to operate under the essential industry category. The Group recorded higher operational profits despite lower revenues in FY 2020 compared to the previous year primarily due to the effectiveness of the operational transformation programmes implemented since FY 2018. In addition, the Group also pared down loans for equipment and working capital during the year, resulting in lower interest costs.

On 30 July 2020, Tomypak Holdings Berhad completed the acquisition of 51% equity interest of SPP and consolidated 5 months' financial results (August to December 2020) of SPP for FY 2020. In this respect, SPP contributed RM2.83 million of revenue and RM0.16 million of profit after tax for the 5 months ended 31 December 2020.

Year Ended 31 December	2020	2019
Results (RM'000)		
Revenue	154,285	158,061
Profit/ (loss) from operations (1)	1,434	(8,246)
Loss before taxation	(480)	(11,597)
Net loss for the financial year	(540)	(11,609)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	18,888	9,933
Statement of financial position (RM'000)		
Shareholders' equity	187,745	181,313
Total borrowings	53,602	73,556
Total assets	263,298	275,870
Ratio		
Earnings per share (sen) (2)	(0.15)	(2.77)
Interest cover (times) (3)	0.75	(2.46)
EBITDA over revenue (4)	12.24%	6.28%
Return on equity (5)	(0.29%)	(6.40%)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW- FY 2020 VS FY 2019 (CONT'D)

Year Ended 31 December	2020	2019
Return on total assets (6)	0.54%	(2.99%)
Gearing (7)	0.29	0.41
Net assets per share (RM) (8)	0.44	0.43

- (1) Earnings before interest and tax
- (2) Net loss for the financial year over total number of shares as at 31 December
- (3) Profit/(Loss) from operations over finance cost
- (4) EBITDA over revenue
- (5) Net loss for the financial year over Shareholders' equity
- (6) Profit/(Loss) from operations over total assets
- (7) Total borrowings over Shareholders' equity
- (8) Shareholders' equity over total number of shares as at 31 December

REVENUE

Group revenue for FY 2020 was RM154.29 million as compared to RM158.06 million achieved in FY 2019. The decrease in sales was mainly due to late delivery of raw materials from overseas due to the Covid-19 pandemic which in turn delayed manufacturing of orders received in FY 2020 for delivery in early months of FY 2021. The World Health Organisation declared coronavirus (COVID-19) as a global health emergency on 30 January 2020 and since then the pandemic has spread across the world which resulted in various lockdowns implemented to curb transmission. This disrupted the supply of raw materials from the overseas manufacturers of the raw materials, which the Group imports for its manufacturing process. In addition, the lockdowns resulted in disruption at major exporting and local ports, with cargo being stored at warehouses longer than usual. Workplace restrictions also impacted on operations.

Almost all of the Group's customers are from the food and beverage industry, both multinational and local. More than half of revenue in FY 2020 was derived from export sales to a number of multinational companies, whereby export sales in FY 2020 accounted for 65.2% or RM100.53 million as compared to 55.5% or RM87.7 million in FY 2019.

These export sales are primarily denominated in USD which provides the Group with sufficient natural hedge against import of major raw materials as well as payment of USD denominated term loans secured to purchase equipment for the Senai plant. Countries where Tomypak Group products are exported to include Singapore, Thailand, Indonesia, the Philippines, Myanmar, Papua

New Guinea, Sri Lanka, Russia, Ukraine, Australia, New Zealand, Brazil, Peru, Nigeria and South Africa. Most of the major customers have been purchasing from the Group for some time, with some for as long as over 10 years, as the Group continues to consistently meet clients' key criteria of consistent quality, timely delivery and competitive commercial terms.

PROFIT/LOSS FROM OPERATIONS

Whilst sales were down compared to the previous financial year, the Group recorded a profit from operations (earnings before interest and tax) for FY 2020 at RM1.43 million compared to a loss of RM8.25 million in FY 2019. These are after accounting for costs of production, sales and marketing expenses and general administrative expenses.

The increase in the profit from operations in FY 2020 as compared to FY 2019 was due primarily to the higher contribution margins from operations as a result of improved production efficiency and tighter cost control.

LOSS BEFORE TAX

As a consequence of the operational gain mentioned above as well as lower financial expenses of RM1.95 million in FY 2020 (FY 2019: RM3.41 million) due to result of stringent working capital management and early redemption of term loans from financial institutions, the Group recorded a significantly lower Loss Before Tax ("LBT") of RM0.48 million as compared to RM11.60 million the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW- FY 2020 VS FY 2019 (CONT'D)

NET LOSS AFTER TAX

The net loss after tax in FY 2020 was significantly lower than FY 2019 arising from higher gross margin and lower interest cost as mentioned above.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION

The earnings before interest, tax, depreciation and amortization ("EBITDA") of the Group has remained relatively strong over the past few years. The Group recorded EBITDA of RM18.89 million compared to RM9.93 million for the previous year. The increase is principally due to a higher operational profit resulting from the positive impact of the operational transformation programme throughout the year.

SHAREHOLDERS' EQUITY

The Shareholders' Equity of the Group increased from RM181.31 million as at the end of FY 2019 to RM187.14 million as at the end of FY 2020 resulting from the employee share options exercised by staff in FY 2020.

GEARING

Total short term and long term borrowings decreased from RM56.32 million and RM17.23 million as at the end of FY 2019 to RM46.45 million and RM7.15 million as at the end of FY 2020.

This decrease was primarily due to RM8.75 million and RM10.08 million repayment of short and long term loans in FY 2020 respectively. There was also a decrease of RM1.12 million of Trust Receipts and Revolving Credit utilised and still outstanding as at year end 2020, to fund purchase of raw materials and business operations. All of the term loans are denominated in USD as the interest rates for such loan is significantly lower than for RM loan, while the foreign exchange risk is partially mitigated by approximately 65.2% of revenue being denominated in USD and SGD.

The Group's debt equity ratio has reduced to 0.29 times as at end of FY 2020 compared to 0.41 times as at end of FY 2019.

Total cash and cash equivalent was RM10.24 million as at end FY 2020 as compared to RM9.56 million the previous year. The higher cash and cash equivalent as at year end FY 2020 was derived from business operations.

The Group continues to generate positive cash flow from operations. For FY 2020, there was a total of RM18.54 million net cash generated from operating activities as compared to RM16.27 million in FY 2019. Marginally higher net cash generated from operating activities in FY 2020 was due to higher operational profitability in the year.

TOTAL ASSETS

Decrease in total assets from RM275.87 million to RM263.30 million is primarily due to normal depreciation expenses of RM17.17 million during the year.

CAPITAL MANAGEMENT AND RETURN TO SHAREHOLDERS

Your board and management is mindful of the need to balance the need to reward loyal shareholders as well as retain sufficient funds for working capital purposes as the business volume grows, and to fund and manage the continuing growth of the Group.

As the Group continued to incur a loss for FY 2020, no dividends were declared for this financial year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECTS

The Group will continue to focus on its core business of manufacturing and marketing of flexible packaging materials and will continue to leverage and build on its strong reputation in the market as a consistently reliable partner delivering quality packaging materials to its wide ranging customers competitively. The Group will continue to undertake various strategies and product innovation and action plans to improve its market share in both the local and international markets.

The Group expects that in the longer term, there will be higher demand for packed food and beverage with the ever changing lifestyles permeating in this part of the world. We anticipate that the Covid-19 pandemic will result in even higher demand for hygienically processed and packed food and beverages in the immediate future. The longer term prospects for growth of packaging companies especially in the Asia Pacific region is expected to continue to be strong.

As at the end of December 2020, the factory rationalization programme was substantially completed with only the 10 bag making lines, 2 old metallizers and 1 old CPP line still operational at the Tampoi Plant.

The COVID-19 pandemic has weakened the global economic outlook and the unprecedented lockdowns in many countries has also caused temporary shrinkages in demand and major disruption to supply networks. The Group has also similarly been affected with effects on some of our customers' orders as well as on the supply of raw materials.

The Group took immediate actions as soon as the global health emergency was announced by the World Health Organization on 30 January 2020 with the formation of a special COVID-19 response team to set up relevant protocol to minimise business interruption to our operations and ensure health and safety of employees as well as our business partners. Notwithstanding the disruption in supply of raw material, the Group managed to ensure continuing smooth business operations during various stages of MCO announced by government during FY 2020.

Lower production overheads and higher contribution margins in FY 2020 were the direct result from continuing improvements in operations effected from the transformation programs implemented since FY 2018. The Group will further improve its operational efficiency and hence improve operational performance in FY 2021.

Meanwhile, the Group will continue to intensify sales and marketing efforts to secure more customers, complemented by the continuous development of new products to improve our competitive advantage. The recent enhancement of the overall organisation structure as well as the recruitment of a Director of Sales & Marketing with extensive international experience with a global multinational corporation will ensure that the Group will continue to strengthen its market position as leaders in innovative and quality flexible packaging solutions.

With all the above changes effected, Management expects that the performance of the Group will continue to improve in the immediate future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Tomypak is pleased to present this overview statement to provide shareholders with an appreciation of the various aspects of corporate governance (“CG”) practices that the Group has undertaken during the year.

The Board strongly believes and subscribes that good corporate governance, including full accountability and transparency, would result in sustainable long term growth, safeguard the interests of all stakeholders, and enhance shareholders’ value and the Group’s financial performance. Good corporate governance must be accepted and practiced by all employees in the organization.

In preparing this Statement, the Board has considered the manner in which it has applied the Principles and Practices of the Malaysian Code of Corporate Governance 2017 (“CG Code”). The Group has applied most of the Practices set out in the CG Code for the whole financial year 2020. The Annual Report 2020 and the CG Report is available at the Company’s website www.tomypak.com.my and Bursa Malaysia Securities Berhad (“Bursa Malaysia”) website.

To facilitate proper governance of the Group, the Board has taken note and implemented the recommendations and proposals by various regulatory authorities on a continuing basis and has also on its own accord taken into consideration the requirements necessary to ensure that the interests of all stakeholders of the Group are well managed. In this respect, the mandatory committees assist the Board in ensuring that all key areas for proper governance are in place and the Board has also established additional committees and requested additional action plans that the Board deemed necessary. One of the key additional steps taken by the Board is the set up of an Investment and Development Committee (see pages 33 to 34) to assist the Board in developing and managing the implementation of investment and operational strategies and action plans to expand the activities of the Group.

BOARD LEADERSHIP AND EFFECTIVENESS

Board’s Roles and Responsibilities

The Board is fully responsible for the overall conduct and performance of the Group and provides the necessary stewardship and oversight on behalf of the shareholders. It focuses mainly on setting the overall strategic directions that the Group should embark, review and provide guidance on critical and material business issues and specific areas such as corporate governance, risk management, business strategies, operational and financial performance, internal control, investor relations and shareholders’ communication, as well as overseeing the performance of management. The Board also reviews, recommends and adopts long term strategic plans for the Group, set the necessary key performance indicators (“KPIs”), reviews and ensure that appropriate succession plans are in place, including appointing and fixing the compensation of key senior personnel in the Group.

There is clear and distinct segregation of the positions of the Chairman and the Managing Director/Executive Director and these critical positions are held by different individuals. The Non-independent Non-Executive Chairman is responsible to lead the Board in instilling good corporate governance practices, leadership and effectiveness of the Board. The Chairman encourages constructive relations between Board members as well between Board members and key senior personnel, and ensures open, healthy and effective debates are held by allowing sufficient time to be given on the deliberation of issue.

To ensure that some of the functions are discharged effectively, various Board Committees have been constituted and are charged with the authority and responsibility to review and recommend various policies and strategies for the Board to endorse. The Board Committees established within the Group are the normal mandated committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee; and as additional comfort to ensure successful implementation of the Group’s expansion strategies, the Board has also incorporated an Investment and Development Committee. These various committees are constituted with clear terms of reference with regards to their respective area of responsibility. Nevertheless, the Board collectively retains full responsibility and accountability for all the company’s performance.

The Acting Managing Director, supported by Senior Management, are directly involved in managing the day to day Group’s business operations and resources. With their vast knowledge and extensive experience in industry, they provide added strength to the leadership, and have contributed to the Group’s transformation and growth.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board's Roles and Responsibilities (Cont'd)

The Non-Independent Non-Executive and Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly in areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view and a check and balance for the executive directors and management.

During the financial year ended 31 December 2020, the Board had convened five (5) meetings. The following activities were undertaken by the Board in FY 2020:

- (i) reviewed and approved the quarterly results for the financial year ended 31 December 2020 and the audited financial statements for the financial year ended 31 December 2020;
- (ii) reviewed the 5-year strategic corporate plans for the Group; reviewed and approved the Group's annual budget and major capital commitments;
- (iii) reviewed and approved the business plan for next 5 years and set the KPIs for the Group;
- (iv) reviewed and approved the strategic corporate plans for SP Plastic & Packaging Sdn Bhd;
- (v) identified principal risks and ensured the implementation of a proper risk management and internal control system;
- (vi) received briefings and approved the recommendations from the various Board Committees; and
- (vii) reviewed and oversaw the continuing implementation of the Employee Share Options Scheme.

Board Composition

The Board takes cognizance of the need to have the appropriate size, profiles and experiences of directors, age group, qualifications and gender so that the Board can perform its functions of stewardship and oversight in a more effective manner. Such attributes will provide the Board with proper and comprehensive perspective when making critical decisions for the Group.

The Board in FY 2020 comprised six (6) members of whom four (4) are non-executive directors and two (2) are executive directors. However as of 1 January 2021, one of the executive directors was redesignated as non-independent non-executive director after the expiry of his service contract and subsequently resigned on 20 May 2021. The Board is comprised of professionals from varying professions and experiences and has representations from both genders and other diversities that will enhance the functioning of the Board.

Three (3) of the six (6) directors are independent directors. The Board's composition complies with the Listing Requirements which require one-third (1/3) of the Board members to be independent directors to reflect fairly the interests of the minority shareholders of the Company. In the event of any vacancy in the Board composition, resulting in non-compliance with the aforesaid, the Company must fill the vacancy within 3 months. The profile of each director is presented on pages 11 to 15 of this Annual Report.

The Board has discussed the need to increase the number of Board members, admitting board members with different qualifications and experience as well as to increase the number of female board members during the year. After deliberation, the Board felt that the current composition as at the end of FY 2020 will be maintained for FY 2021, save except for the replacement of one of the Independent Director who after serving 11 years has deemed appropriate and decided to retire from the Board. A new independent director was subsequently appointed to the Board on 1 September 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee

The Nomination Committee takes the overall responsibility of identifying and selecting suitable candidates for admission to the Board as well as reviewing the structure, size and composition of the Board.

The Nomination Committee comprised the following members during the year:

Chairman

To' Puan Rozana Binti Tan Sri Redzuan (Independent Non-Executive Director)

Members

Mr. Yong Kwet On (Non-Independent Non-Executive Director)

Encik Azmi Bin Arshad (Independent Non-Executive Director)

Datuk Kamal Bin Khalid (Independent Non-Executive Director)
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @ Chin Song Kee (Independent Non-Executive Director)
(Ceased on 19 August 2020)

The Group has in place a process for selection, nomination and appointment of suitable candidates to the Board. Potential candidates can be identified by the Nomination Committee, existing Directors or any shareholder through internal or external sources. The Nomination Committee, after evaluating the potential candidate's experiences and qualifications, as well as discussion sessions with the suitable candidate, will then recommend the suitable candidate for appointment to the Board, and the final endorsement lies with the Board.

The Nomination Committee ensures the appointment is made on merit, and ensures that the required mix of skills, experiences and expertise of members of the Board is sufficient. The Nomination Committee will also consider whether such candidate meets the requirements as defined in Bursa Securities' Listing Requirements.

The Board acknowledges that the strength of the Board lies in the composition of its members. The Board of Tomypak comprises members who collectively have a wide range of expertise, extensive experience, diverse background in business, finance and technical knowledge and consist of both genders.

Clause 103 of the company's constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election. Whereas Clause 110 of the Companies Constitution provides that any Director so appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

The terms of reference and activities of the Nomination Committee are set out below:

- (i) review the structure, size and composition of the Board, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (ii) identify and nominate candidates for the approval of the Board to fill Board vacancies;
- (iii) ensure a mix of skills, experience, other qualities and competencies to assess the effectiveness of the Board, Board Committees and contributions of Directors of the Board;
- (iv) recommend to the Board for the continuation or termination of service of the Managing Director, Executive Director and other Directors;
- (v) recommend the Directors who are retiring by rotation and eligible to be put forward for re-election; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee (Cont'd)

- (vi) recommend to the Board the employment of adviser or consultant, where necessary and appropriate, to enable the Board to fulfil its responsibilities.

The Nomination Committee held five (5) meetings during the financial year ended 31 December 2020.

Among the activities undertaken by the Nomination Committee during the financial year under review were:-

- (i) reviewed the Board size, composition and the effectiveness of the Board and Board Committees;
- (ii) discussed the retirement of one of the directors from the Board;
- (iii) interviewed candidates and recommended appointment of one independent director to the Board; and
- (iv) assessed the performance of the Managing Director and Executive Director for the duration of FY 2020 and recommended to the Board the extension or non-extension of their services.

Remuneration Committee

The Remuneration Committee takes the overall responsibility of reviewing the remuneration packages of the Managing Director, Executive Director, directors and senior executives of the Group.

The members of the Remuneration Committee during the year were:-

Chairman

Encik Azmi Bin Arshad (Independent Non-Executive Director)

Members

Mr. Yong Kwet On (Non-Independent Non-Executive Director)

To' Puan Rozana Binti Tan Sri Redzuan (Independent Non-Executive Director)

Datuk Kamal Bin Khalid (Independent Non-Executive Director)
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @ Chin Song Kee (Independent Non-Executive Director)
(Ceased on 19 August 2020)

The Committee consists of only non-executive directors with the majority being independent directors.

The terms of reference and activities of the Committee are set out below:

- (i) determine and agree with the Board the framework or broad policy for the remuneration of the Group's Managing Director, Executive Director and non-executive directors and other senior executives of the Group;
- (ii) determine and recommend to the Board any performance related pay schemes for the Group;
- (iii) determine the policy and scope of service agreements for the executive and non-executive directors, termination payments and compensation commitments;
- (iv) oversee any major changes in employee remuneration and benefit structures throughout the Group; and
- (v) recommend to the Board the appointment of the services of advisers or consultants as it deems necessary to fulfill its responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration

The remuneration of the Directors is set at levels so as to enable the Group to attract and retain Directors with relevant experience and expertise to assist in managing the Group effectively. The Executive Directors receive remuneration which are determined based on their level of responsibilities, skills, experience and performance. The Non-Executive Directors receive fees for their services rendered which are subject to shareholders' approval at the forthcoming Annual General Meeting (AGM) before payment is disbursed.

Details of Directors' remuneration for the financial year ended 31 December 2020 are as follows:-

	Salaries* RM'000	Allowances RM'000	Fees RM'000	Total RM'000
Non-Executive Directors				
Mr. Yong Kwet On	-	7.3	120.0	127.3
Mr. Chin Cheong Kee @ Chin Song Kee (Ceased on 19 August 2020)	-	3.5	63.3	66.8
To' Puan Rozana Binti Tan Sri Redzuan	-	6.6	95.0	101.6
Datuk Kamal Bin Khalid	-	2.2	31.7	33.9
Encik Azmi Bin Arshad	-	7.3	95.0	102.3
Executive Directors				
Mr. Lim Hun Swee (Redesignated to Non-Independent Non-Executive Director on 1 January 2021 and resigned on 20 May 2021)	635.0	-	-	635.0
Mr. Tan See Yin	424.0	-	-	424.0

* Includes basic salary, fixed allowance, EPF and Socso paid in FY 2020.

Note: There is no bonus/incentive, ESOS benefit and other benefit in kind for FY 2020.

The number of Directors whose remuneration falls into each successive band of RM50,000.00 for the financial year ended 31 December 2020 are set out below:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM0 to RM50,000	NIL	1
RM50,001 to RM100,000	NIL	3
RM100,001 to RM150,000	NIL	1
RM400,001 to RM450,000	1	NIL
RM600,001 to RM650,000	1	NIL
	2	5

The Board is aware of the need for transparency in the disclosure of its senior management's (who are not executive Board members) remuneration. Nonetheless, the Board is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in the industry in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention difficulties going forward.

The Board ensures that the remuneration of the senior management personnel commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating senior management to lead and run the Company successfully.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Attendance of Directors

The attendance of individual Directors at the Board and the various Board Committees meetings during FY 2020 is as detailed below:

Director	Board	AC	RC	NC	RMC	IDC	ESOS
Executive Directors							
Lim Hun Swee <i>(Redesignated to Non-Independent Non-Executive Director on 1 January 2021 and resigned on 20 May 2021)</i>	5/5				2/2	2/2	2/2
Tan See Yin	5/5					2/2	
Non-Independent Non-Executive Director							
Yong Kwet On	4/5		2/2	4/5		2/2	
Independent Non-Executive Director							
Datuk Kamal Bin Khalid	2/2	2/2	0/1	1/2	1/1	1/1	
Chin Cheong Kee @ Chin Song Kee <i>(Retired on 19 August 2020)</i>	3/3	3/3	1/1	3/3	1/1	1/1	
To' Puan Rozana Binti Tan Sri Redzuan	5/5	5/5	2/2	5/5			2/2
Encik Azmi Bin Arshad	5/5	5/5	2/2	5/5	2/2		

Board/ Board Committee Chairman Member

AC = Audit Committee
RC = Remuneration Committee
NC = Nomination Committee
RMC = Risk Management Committee
IDC = Investment and Development Committee
ESOS = Employees' Share Option Scheme Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Code of Conduct

The Board firmly believes in and observes the Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which can be viewed from CCM's website at www.ssm.com.my.

The Group adopts the "Code of Conduct" which applies to the management and employees of the Group. The "Code of Conduct" is an ethical compass, addresses the most relevant ethical issues that an employee can face in his or her daily work life. The "Code of Conduct" has a set of provisions that ensure the Group is in compliance with laws and regulations, privacy, confidentiality and sound employment practices. Moreover, there are provisions on conflicts of interests, business courtesies and the protection and proper use of the Group's resources and assets.

Whistle-blowing Policy

The Board has formed the Whistle-blowing Committee which serves as a platform to facilitate concerned employees and any member of the public such as our suppliers, agents, contractors, and even customers who become aware of any misconduct or inappropriate practices, to submit reports/complaints of any such misdeeds, bad practices or suspected irregularity, through email to whistleblower@tomypak.com.my or contact respective Committee members by mail or physical delivery report of allegations to the company's office premises. The Company has formed a Whistle-Blowing Committee which consists of two independent non-executive directors. Their respective contact details are published on the notice board of the company for easy reference.

Anti-Bribery Management System ("ABMS")

The Board recognizes that the 2018 Malaysian Anti-Corruption Commission (Amendment) Act ("MACC Act 2018") has been passed in Parliament and gazetted on 4 May 2018 and was effective on 1 June 2020. The main thrust of this Act was to introduce a new far reaching corporate liability provision into the existing MACC Act 2009. The amendment introduced a new Section 17A, which provided that "a commercial organization commits an offence if any person associated with the commercial organization commits a corrupt act in order to obtain or retain business or advantage for the commercial organization".

To implement the above effectively, the Group had appointed an external consulting firm to work with management to review and modify the policies and procedures on gifts, entertainment, hospitality & travel, and charitable donations and sponsorships. A systematic review was carried out and resulting from this review, a set of policies on such matters was developed and communicated to all staff. In addition, for purpose of monitoring, all employees are required to submit details of any gifts, entertainment, hospitality and similar benefits they provide or receive, to the Human Resource Department through respective Head of Department.

An Anti-Bribery Committee chaired by the Managing Director/Executive Director was formed and served as a platform to facilitate the training and communication of ABMS policies and procedures to all the new joiners and company staff every year, as well as periodically review the existing policies to reflect current situation.

Strategies for Sustainability

The Board recognizes and accepts the importance of sustainability practices in the conduct of the Group business and promotes best practices which emphasize on adopting the most environmental friendly business practices, and to promote amongst all employees the value of betterment of the environment, community and workplace. Various policies and best practices have been formulated and documented for all employees to be aware of and adhered to.

The Board has taken cognizance of the importance of Environmental and Social Governance ("ESG") issues, more so as the Group implemented its expansion programs over the past few years. The Group recognizes that the management of the Group's ESG issues requires full time commitment and thus created a key position in the organisation that was filled in FY 2019. A comprehensive ESG program has also been developed as an important component of the overall strategic plan, as the Group handles hazardous materials that could have adverse impact on the operating environment in the factories and well-being of our employees if not appropriately managed.

The details of the sustainability efforts for FY 2020 are furnished in the Sustainability Report on pages 47 to 52 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Access to Information and Advice

The Board have access to timely and accurate information within the Group, which allows them to discharge their duties effectively and efficiently. All Directors are furnished with comprehensive board papers, usually one (1) week before the Board meeting, to enable the Directors to have sufficient time to review the board papers and to obtain further explanations and information, where necessary, to facilitate the decision making process and the meaningful discharge of their duties.

The board papers include the meeting agenda, minutes of previous meeting, financial results, marketing and sales results, rolling forecasts for the financial year, industry issues and developments, human resources matters, and where appropriate for the Board information, latest developments in the Group. All proceedings of the Board and the Board Committees are minuted, reviewed and confirmed at the subsequent meeting by the respective Chairman of the meetings.

Directors have access to the financial and operation officers as well as the internal and external auditors of the Group. Where necessary, Board members are also entitled to seek independent professional advice on specific issues at the Group's expense to enable them to discharge their duties.

Qualified Company Secretary

The Board has engaged the services of qualified and competent Company Secretaries who provide support to the Board for ensuring that the Board and its each respective committee's procedures are adhered to and that applicable laws and regulations are complied with. These include obligations of directors relating to disclosure of interests and disclosure of any conflict of interests in transactions with the Group.

The Company Secretaries organise and attend all Board and Board Committee meetings and are responsible for ensuring that the Board and all committees' meeting procedures are followed and the Group's statutory records are maintained accordingly at the registered office of the Group.

Board Charter

The Board has adopted a Board Charter which sets out the structure, role, function, composition and responsibilities of the Board. The Board Charter is used as a source of reference and provides insights to the Board.

The Directors will periodically review and where necessary revise the Board Charter in accordance with the needs of the Group and any new regulations that may have impact on the discharge of the Board's duties and responsibilities.

The Board Charter is made available for reference in the Company's website at www.tomypak.com.my.

EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board appreciates that an effective and robust risk management and internal control framework is necessary to ensure that the Group executes its strategies with measures taken to minimise risk and impact of potentially adverse events. In this respect, the Group also manages this effectively through the Audit Committee, the Risk Management Committee, the Investment and Development Committee and the internal audit function.

The Board also takes cognizance that as the Group expanded its business operations over the past few years, the risk profile of the Group has changed as more risks were identified with the growth and expansion program implemented. Given this change in scenario, the Board has instructed the Risk Management Committee to increase the number of times the RMC (and/or the RMC nominated sub committees) should meet and at the same time, to intensify its assessment as well as propose and implement more effective mitigating strategies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit Committee ("AC")

The AC has been in place since 15 March 1996 and takes the overall responsibility to ensure compliance of accounting policies, reliability of financial statements and both internal and external audit findings. The AC has policies and procedures in place to assess the suitability and independence of external auditors.

The AC is chaired by an Independent Director. All members of the AC are either members of Malaysian Institute of Accountants ("MIA") or financially literate.

The composition, terms of reference and activities of the AC are set on pages 38 to 41 of this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Company has always maintained a transparent relationship with its external auditors through the AC in seeking professional advice and ensuring compliance with accounting standards.

The AC has reviewed and monitored the suitability and independence of the external auditors. The AC has assessed the performance of the external auditors and reported to the Board its recommendation for the reappointment of the external auditors at the forthcoming annual general meeting.

The external auditors are invited to attend the annual general meeting of the Group and are available to respond to any Shareholders' enquiries. There were no significant non-audit services provided by the external auditors for FY 2020 except for the review of the Statement on Risk Management and Internal Control. In addition for FY 2020, the external auditors also provided professional services in connection with the quarterly announcements for Q1 2020 pursuant to a directive issued by Bursa Malaysia Securities Berhad on 27 May 2019, as well as to provide comfort to the AC and the Board that the financial information so presented and announced are prepared in accordance with the accounting standards.

Risk Management Committee

The Risk Management Committee was established on 27 February 2003 and takes the overall responsibility for developing, evaluating and monitoring risk policies, procedures and controls. The composition, terms of reference and activities of the committee are set out below:

The Risk Management Committee in FY 2020 comprised the following members:

Chairman

Datuk Kamal Bin Khalid (Independent Non-Executive Director)
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @ Chin Song Kee (Independent Non-Executive Director)
(Ceased on 19 August 2020)

Members

Encik Azmi Bin Arshad (Non-Independent Non-Executive Director)

Mr. Tok Fu Soon (Senior Manager of Corporate Affairs of Tomypak Flexible Packaging Sdn. Bhd.)

Mr. Lim Hun Swee (Managing Director)
(Redesignated to Non-Independent Non-Executive Director on 1 January 2021 and ceased on 20 May 2021)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management Committee (Cont'd)

The functions of the Committee are as follows:

- (i) investigate and assess the prevailing state of internal and external risk control already in place in the Group;
- (ii) extract, encourage or assist members of staff to highlight and propose strategies and action plans to overcome identified risks;
- (iii) where necessary, provide assistance and advice to Board members of the Group on reasonable strategies and action plans to overcome, lessen or limit unavoidable risks;
- (iv) highlight to the Board of Directors any situation, transaction, procedure or conduct that raises questions of negligence;
- (v) ensure coordination where participation of more than one department of the Company is required to avoid or lessen a prevailing risk;
- (vi) review reports from the 6 major divisions of the Group namely Sales & Marketing, Operations, Image, Design & Color Management, Procurement, Logistic & Warehouse and Corporate Affairs (comprising of Corporate Finance, Accounts & Finance, Human Resource and Administration, Safety, Health & Environment, and Information Technology) relating to
 - (a) risk identification;
 - (b) steps taken to avoid/lessen risk;
 - (c) damage control (emergency plan) i.e. steps in place or to be taken in the event existing preventive measures fail; and
 - (d) monitoring the risks and control continuously.
- (vii) communicate any updated and new processes to all employees with the Company so as to build awareness amongst all employees;
- (viii) ensure appropriate training in risk management are provided to all employees to enhance greater understanding and facilitate informed decision making; and
- (ix) reviewed and approved the protocols suggested and implemented by the special COVID-19 response team.

During the year under review, two (2) meetings were held by the Risk Management Committee to review and update the Risk Assessment Report, Detail Risk Register and Risk Management Policy and Procedure. The Board members of the Group has taken steps to ensure that the risks are identified and managed properly.

The Statement on Risk Management and Internal Control set out on pages 42 to 46 of this Annual Report provides an overview of the state of risk management and internal control within the Group.

Investment and Development Committee

In addition to the Risk Management Committee, the Board members of the Group formed an Investment and Development Committee ("IDC") in February 2016 (*formerly known as Development Committee when it was first formed in 2015*) to oversee and manage the key risks in relation to the Group's expansion program involving the development of a new manufacturing facility in Senai.

Upon completion of the development plan for Senai, the role of the IDC was expanded to assist the Board in reviewing the strategic plans for future growth of Tomypak, including review of any potential mergers and acquisitions, assessing other strategies for the future sustainable expansion and growth, major procurement and other corporate matters. The IDC after careful deliberations will then make the final recommendations to the Board of Directors for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Investment and Development Committee (Cont'd)

The Investment and Development Committee in FY 2020 comprised of the following members:

Chairman

Mr. Yong Kwet On (Non-Independent Non-Executive Director)

Members

Mr. Tan See Yin (Executive Director)

Datuk Kamal Bin Khalid (Independent Non-Executive Director)
(Appointed on 1 September 2020)

Mr. Lim Hun Swee (Managing Director)
((Redesignated to Non-Independent Non-Executive Director on 1 January 2021 and ceased on 20 May 2021)

Mr. Chin Cheong Kee @ Chin Song Kee (Independent Non-Executive Director)
(Ceased on 19 August 2020)

The Investment and Development Committee met twice during the financial year ended 31 December 2020. The following activities were undertaken by the Investment and Development Committee during the financial year under review:-

- reviewed whether the Group had achieved the initial targets set out for the expansion and discussed with management appropriate strategies and action plans to make up for the shortfall;
- reviewed potential mergers and acquisition candidates put forth by Management for consideration and briefed the Board;
- initiated and oversaw the revision of the Group's strategies and action plans to achieve further growth for the Group;
- reviewed 5 years strategic plan and action plans on sales & marketing, financial & corporate, production, human resources and corporate social responsibilities to achieve approved business target;
- reviewed and recommend the five major key performance indicators ("KPIs) of the Group to the Board for approval and implementation;
- reviewed and recommend to the Board on the proposed acquisition of SP Plastic & Packaging Sdn Bhd ("SPP"), including the results of due diligence process as well as necessary announcements and documentation; and
- reviewed and approved corporate strategic plans for SPP.

Internal Audit Function

The Group has an internal audit function that is outsourced to an external consultant who submits and presents relevant Internal Audit Reports to the AC on a quarterly basis.

The AC reviewed the internal audit scope of work, audit plans prior to the commencement of the internal audit. The audit has been conducted with reference to the guidelines of the International Professional Practice Framework for Internal Audit; International Standards for the Professional Practice of Internal Auditing and Code of Ethics as well as the Group's and the Company's policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKE-HOLDERS

Internal Audit Functions (Cont'd)

The internal auditor reported to the AC their recommendations for improvement of areas in control procedures. Follow-up audits were also carried out by the internal auditor to review the implementation of management action plans to address the observations highlighted in the Internal Audit Reports.

The internal audit function of the Group is detailed in the Statement on Risk Management and Internal Control on pages 42 to 46.

Compliance with applicable financial reporting standards

The Board aims to present a balanced and understandable assessment of the Group's financial performance and prospects to its shareholders, investors, regulatory authorities and other stakeholders. The assessment is primarily provided in the audited financial statements and the quarterly results announcement as well as the Chairman's statement and the Management Discussion and Analysis in the Annual Report. The Board ensures that the financial statements are drawn up in accordance with the Act and applicable accounting standards in Malaysia, particularly new standards as these standards are adopted in Malaysia.

The Audit Committee assists the Board to oversee the Group's financial reporting process and the quality of its financial reporting.

The Audit Committee reviews the quarterly unaudited financial results and announcements, final audited financial statements of the Group prior to recommending them to the Board of Directors for adoption and approval. The review is to ensure that the audited financial statements is in compliance with the provisions of the Companies Act 2016 and the applicable accounting standards approved by the Malaysian Accounting Standard Board.

The Audit Committee also reviews the audit findings of the external auditor arising from the audited financial statements as well as the audit findings of the internal auditor together with the management's responses thereon.

A Statement of Directors' responsibilities in preparing the financial statements is set out on page 122 of this Annual Report.

Strengthen Relationship Between Company and Shareholders Through Effective Communications

The Group understands and values the importance of effective communications with its shareholders.

The Group strives to provide its shareholders and investors with an overview of the Group's performance and operations by the timely release of financial results announcement through the Bursa Malaysia Securities Berhad on a quarterly basis.

In addition, the Executive Director of the Group plays a major role in providing updates on the Group's activities by conducting regular meetings, dialogues and discussions with fund managers, financial analysts and media.

The Annual General Meeting ("AGM") of the Group also represents the principal forum for dialogue and interaction with all shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 21 days before the date of the meeting. At each AGM, the Board encourages shareholders to participate in the question and answer session. The Chairman and other directors as well as the external auditors are present to answer questions raised by shareholders at the AGM including questions raised by the Minority Shareholders Watch Group. Result of all resolutions proposed at the AGM is announced to Bursa Malaysia Securities Berhad at the end of the meeting day.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKE-HOLDERS

Strengthen Relationship Between Company and Shareholders Through Effective Communications (Cont'd)

The rights of shareholders, including the rights to demand for a poll, are found in the Company's Constitution.

To maintain transparency and effectively address any issues or concerns, the Group has created email address at investor@tomypak.com.my where the shareholders or other parties may raise any queries or concerns pertaining to the Group. Such queries will be reviewed and addressed by the Board accordingly.

Timely and High Quality Disclosure

The Board observes the Corporate Disclosure Policy issued by the Bursa Malaysia Securities Berhad which can be viewed at Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com and complies with the disclosure requirements of the MMLR.

The Group's corporate website at www.tomypak.com.my serves as a key communication channel for shareholders, investors and the public to obtain up-to-date information on the Group's activities, information, and etc. In line with the Code, the Board Charter and Corporate Governance Report are also available on the aforesaid website.

Information Technology

The Board fully recognizes and subscribes to the use of information technology as the best and most efficient means of communication with all stakeholders. In this respect, information on the current website of the company is being regularly updated to effective dissemination of information to all stakeholders. The Group maintains a website where information on the company, its annual reports, quarterly and other announcements and other relevant information are easily available for reference. Investors can also write in to investors@tomypak.com.my to post any enquiries.

DIRECTORS TRAINING

All the Directors have completed the Mandatory Accreditation Programme ('MAP') as required by Bursa Malaysia Securities Berhad.

Due to the pandemic and various stages of MCO implemented, none of the directors attended any scheduled training in FY 2020.

The Directors will continue to attend relevant seminars and courses to stay abreast with the various issues arising from the ever-changing business environment, regulatory and corporate governance developments to enhance their professionalism and knowledge to effectively discharge their duties and obligations.

OTHER COMPLIANCE INFORMATION

Material Contracts

There were no material contracts entered into by the Company or its subsidiaries during the financial year which involve the Directors and substantial shareholders' interests.

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the year.

Audit Fees

The amount of audit fees payable to external auditors by the Group for the financial year ended 31 December 2020 amounted to RM160,000.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

OTHER COMPLIANCE INFORMATION (CONT'D)

Non-Audit Fees

Non-audit fees incurred by the Group for the financial year ended 31 December 2020 amounted to RM49,000. This is principally for professional services provided by the external auditors in connection with the quarterly announcement for Q1 2020 pursuant to a directive issued by Bursa Malaysia Securities Berhad on 27 May 2019 as well as for the review of Statement on the Risk Management and Internal Control for Annual Report 2020.

Share Buy-Back

The details of shares repurchased and resold during the financial year ended 31 December 2020 are as follows:-

Month	Number of shares repurchased/(sold)	Total consideration	
		Average price RM	paid/(received) RM
January	478,200	0.50	239,100.00
July*	(2,205,500)	0.72	(1,578,960.00)

* As at 30 July 2020, 2,205,500 units of treasury share was transferred to Shareholders of SPP as purchase consideration for 51% equity interest in SPP.

Employees' Share Option Scheme ("ESOS")

Upon completion of the Rights Issue with Warrants, the Group implemented the ESOS with effect from 8 July 2016, for the eligible Directors and employees of the Group. The ESOS shall be in force for a duration of five (5) years from 8 July 2016.

The details of the scheme as at 31 December 2020, since the commencement are as follows:-

	Number of options ('000)		Total
	Directors	Employees	
Total options granted	3,833	26,511	30,344
Total options exercised/lapsed	3,833	21,805	25,638
Total options outstanding as at 31 December 2020	-	4,706	4,706

Pursuant to the Company's ESOS By-laws, the aggregate maximum number of Shares available under the ESOS scheme to the directors of the Group shall not exceed 13% of the total Shares to be issued and allotted under the ESOS scheme.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Group and the Directors by the relevant regulatory bodies.

2021 AND BEYOND

The Board recognizes that there will always be opportunities to improve corporate governance activities which will enhance the profile of the Group amongst all its stakeholders. In this respect, the Board will continue to ensure that emphasis will be placed on specific areas that the Group needs to improve.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

MEMBERS OF AUDIT COMMITTEE

The Audit Committee was established by the Board on 15 March 1996. The members of the Audit Committee during the FY 2020 are as follows:

Chairman

Encik Azmi Bin Arshad (Independent Non-Executive Director)

Members

To' Puan Rozana Binti Tan Sri Redzuan (Independent Non-Executive Director)

Datuk Kamal Bin Khalid (Independent Non-Executive Director)
(Appointed on 1 September 2020)

Mr. Chin Cheong Kee @ Chin Song Kee (Independent Non-Executive Director)
(Ceased on 19 August 2020)

The Audit Committee consists of three (3) Independent Non-Executive Directors of whom one is a Malaysian Institute of Accountants ("MIA") member. Please refer to the Directors Profile for further details of the members.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

1. Objectives of the Committee

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Audit Committee shall:-

- a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) assess the Group's processes relating to its risks and control environment.

2. Functions

The functions of the Audit Committee are as follows:-

- a) review the following and report the same to the Board of Directors:-
 - i) with the external auditors, the audit plan;
 - ii) with the external auditors, their evaluation of the system of internal controls; and
 - iii) with the external auditors, the audit report;

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

2. Functions (Cont'd)

- a) review the following and report the same to the Board of Directors:- (Cont'd)
 - iv) with the external auditors, the quarterly results where appropriate;
 - v) the assistance given by the Company's employees to the external auditors; and
 - vi) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) consider the external auditors' independence, objectivity, effectiveness and terms of engagement, including taking into consideration the provision of audit and non-audit services by the external auditors before recommending their re-appointment and fees;
- c) discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) review the quarterly results and year-end financial statements of the company and its subsidiaries, focusing particularly on:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- e) discuss problems, issues and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- f) review the external auditor's management letter and management's response;
- g) carry out the following:-
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review the appointment and performance of a firm of qualified professionals as the Group's internal auditors as well as their independence and objectivity in fulfilling the internal audit function;
 - consider the nomination and to review any letter of resignation of the Group's internal auditors; and
 - review the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.
- h) consider the major findings of internal investigations and management's response; and
- i) consider other areas as defined by the Board.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

3. Meetings

The Audit Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Committee member, the Company's Managing Director or Executive Director, or the internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in consultation with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to the Committee members and to other members of the Board.

A quorum shall consist of a majority of independent directors.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular Audit Committee meeting, specific to the relevant meeting.

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2020. The detail attendances of the Audit Committee members are as follows:

Meetings Attended (out of 5)		
Encik Azmi Bin Arshad (Chairman)	Independent Non-Executive Director	5/5
To' Puan Rozana Binti Tan Sri Redzuan	Independent Non-Executive Director	5/5
Datuk Kamal Bin Khalid (Appointed on 1 September 2020)	Independent Non-Executive Director	2/2
Mr. Chin Cheong Kee @ Chin Song Kee (Ceased on 19 August 2020)	Independent Non-Executive Director	3/3

In addition, the Audit Committee also held one private session with representatives of the external auditors without the presence of Executive Directors and management.

ACTIVITIES OF THE AUDIT COMMITTEE

The following activities were undertaken by the Audit Committee during the financial year under review:-

- (i) reviewed the quarterly unaudited financial results and announcements of the Group prior to recommending them to the Board of Directors for approval;
- (ii) reviewed the audited financial statements of the Group prior to recommending them to the Board of Directors for approval;
- (iii) reviewed with the external auditor their scope of work, audit plans and reporting requirements for the year;
- (iv) reviewed the external auditors' competency, independence and suitability and recommend to the Board of Directors for their reappointment and their audit fee;
- (v) reviewed related party transaction and conflict of interest situation that arose within the Group;

AUDIT COMMITTEE REPORT (CONT'D)

ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

- (vi) reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's response. Discussed with management the actions taken to improve the system of internal control;
- (vii) recommended to the Board the improvement opportunities in risk management, internal control and governance processes;
- (viii) reviewed the Group's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad and other relevant legal and regulatory requirements; and
- (ix) Deliberated, including discussion with legal counsel, and investigated certain issues raised in the previous AGM.

INTERNAL AUDIT FUNCTION

The Company has engaged an external professional firm as its internal auditors to ensure that the Group continually has in place a sound system of internal controls for identifying, evaluating and managing significant risks. The internal auditors provide independent and objective reports on various functional areas of the Group, including the organization's management, recording system, various policies and procedures to the Audit Committee and the Board.

The role of the internal audit function is totally independent and not related to the Group's external auditors. The internal audits will include evaluation of the processes by which significant risks are identified, assessed and managed and ensuring that instituted controls are appropriate and effectively applied and the risk exposures are consistent with the Company's risk management policy.

During the year under review, three (3) internal audits were performed by the internal auditor to identify the risks associated with the activities, processes and systems of the areas audited. An evaluation of the risk was conducted based on an examination of the policies, manual and standards that govern these activities, processes, systems and data contained in relevant systems. Key personnel were also interviewed as part of the review process by the internal auditors.

The identified risks were then evaluated in terms of probability of occurrence and their impact on the functional process and the potential impact on the company as a whole after taking into consideration Management's inherent controls at the time of audit.

Internal audit reports are presented in detail to the Audit Committee highlighting the audit issues, the root cause of any issues discovered, the risks and implications, audit recommendations, management action plans, persons responsible and implementation timeline. The Audit Committee discuss with management the actions taken or further required to improve the internal control system and may recommend to the Board improvements in risk management, internal control and governance processes. A follow up review on the action plans to be undertaken by management are also conducted by the internal auditor where updates and outstanding issues would be highlighted to the Audit Committee at the subsequent internal audit presentation.

During the financial year under review, the following internal audit reviews were conducted on the key process risks, controls and compliance surrounding the following areas:-

- (i) Human Resource Management (recruitment, resignation, compensation and benefit, payroll process, training and development);
- (ii) Sales & Marketing (marketing effectiveness and ROI review, effectiveness of deal negotiation and planning); and
- (iii) Succession Planning & Talent Retention (talent identification & recruitment, talent retention, succession planning).

The amount of internal audit fees paid to internal auditors by the Group for the financial year ended 31 December 2020 amounted to RM40,500.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a robust system of internal controls as well as to ensure there is an adequate and effective risk management system in place to safeguard shareholders' investment and Tomypak's assets. In doing so, the Board acknowledges its responsibility to identify major risks faced by the Group and ensure that relevant internal controls and appropriate and adequate operational policies and procedures are in place and complied with, in order to manage these risks within acceptable risk profile to ensure that Group's business objectives are achieved.

In view of the above, the Board is pleased to provide the following Statement on Risk Management and Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

BOARD OF DIRECTORS' RESPONSIBILITIES

The Board understands fully its responsibility to maintain a sound system of risk management and internal controls and ensure accurate information is presented in the financial statements. Risk management and internal control system are designed to manage rather than eliminate the risk of failure in achieving its business objectives. In view of the inherent limitations in any system of internal controls and risk management, it can therefore only provide reasonable, rather than absolute assurance against material errors, losses, or misstatement.

In pursuing the business objectives, internal controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. As such, the Board recognises that risk management and internal control system is an important part of managing risks in an effort to attain a balanced achievement of its business objectives, and operational efficiency and effectiveness and considers the risk management and internal control system to be satisfactory for the financial year under review and up to the date of approval of the Statement on Risk Management and Internal Control.

The Board has endeavoured to identify the relevant major risks faced by the Group on a regular basis in order to monitor these risks so as to ensure that the Group achieves its business objectives. The process is regularly reviewed by the Board and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board has received assurance from Management that the Group's risks management and internal control system for the financial year and up to the date of approval of the Statement on Risk Management and Internal Control is generally operating adequately and effectively in all material aspects based on the risk management and internal controls system of the Group, albeit there may be lapses that could have an impact on the overall performance of the Group.

THE RISK MANAGEMENT FRAMEWORK

In reviewing the adequacy and effectiveness of risk management and internal control system, the Board has always ensured that there are appropriate delegation of duties and responsibilities from the Board to the Managing Director, Executive Director and Senior Management ("collectively known as The Management") in carrying out the main operating functions of the Group in line with its business plans and annual budgets.

The Board has insisted on the proper analysis and identification of major risks that may affect the Group's operations and sustainability. Appropriate risk management and internal control systems are then put in place to manage these risks, with clear strategic action plans. The Board will mandate the Internal Auditors to conduct further audits periodically on critical risk areas to ensure that these risks are well managed, and that mitigation measures and appropriate actions have been undertaken by Management.

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

THE RISK MANAGEMENT FRAMEWORK (CONT'D)

The Board is assisted by the Risk Management Committee (“RMC”) in ensuring that there is an on-going and systematic risk management process undertaken by the Management to identify, assess and evaluate principal risks. *(further information on the composition as well as the Terms of Reference of the Risk Management Committee are listed on pages 32 and 33.)*

The RMC conducts periodic meetings to ensure that risks relevant to the Group are identified and managed properly and to mitigate those risks affecting the achievement of the Group’s business objectives. In this respect, two (2) meetings were held in FY 2020 and new risks were identified and added to the risk register primarily due to the pandemic situation, together with those highlighted by the Internal Auditors in their periodic audit.

At the same time, at management level, the Operational Risk Management Committee (“ORMC”) led by the Managing Director/Executive Director assisted by the Risk Officer and the division/department heads continued to review, discuss and update the risk register on a quarterly basis.

Key risk profiles are of four major categories: strategic, financial, operational and compliance. The risk profiles are regularly updated with appropriate mitigating action plans developed and the implementation approved by the RMC to manage the risks identified.

To ensure all employee embrace risk management as part of their daily work culture, each division in the company has its own risk team to constantly review and update its Risk Register and discuss issues at the ORMC.

Each division is required to hold their regular meetings to continuously monitor risks identified, determine whether any new risks have surfaced and develop as well as monitor implementation strategies to mitigate the risks. The ORMC will hold its meeting on a quarterly basis to receive the updated operational risk register from each division. Updates will be deliberated during the quarterly meeting and the summarised report reviewed by ORMC will then be presented to RMC. Management/key personnel from Operation, Sales and Marketing, Corporate Affairs and other relevant divisions are invited to attend RMC meetings when required, to advise the RMC members on the potential risks and actions that have and will be taken to mitigate and control these risks.

The Management has also adopted an “open discussion” approach in the day-to-day management of the Group. This has enabled various major business risks be identified and communicated easily and dealt with in a prompt and orderly manner.

Key Risks Matters In FY 2020

The World Health Organisation has declared coronavirus (COVID-19) pandemic a global health emergency on 30 January 2020 and lockdowns imposed in many countries by the respective governments. The Government of Malaysia initially imposed a Movement Control Order (“MCO”) on 18 March 2020 and subsequently various modes of MCO ranging from total lockdown (“MCO”) to Conditional MCO (“CMCO”) and to Recovery MCO (“RMCO”) for the various Malaysia states.

The COVID-19 pandemic has weakened the global economic outlook and the unprecedented lockdowns in many countries have also caused shrinkages in demand and major disruption to supply chain networks. The Group has also similarly been affected in term of our customers’ orders as well as on the supply of raw materials particularly from overseas.

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

THE RISK MANAGEMENT FRAMEWORK (CONT'D)

Key Risks Matters In FY 2020 (Cont'd)

The Group has formed a special COVID-19 response team to set up protocols to minimise business and operational disruption to customers and to safeguard health and safety of employees as well as business partners. The measures included:

- securing approval from the Malaysian Government, to allow the Group to continue its operations during the lockdown period as Tomypak plays a very significant role in the supply chain of ensuring materials required for basic food and beverage are available to our domestic and international partners for them to fulfil their obligations.
- taking stringent steps to ensure that the health and safety of our employees are not compromised and all Tomypak's facilities are free of Covid-19, including strict control protocols for visitors before being allowed to enter our facilities.
- briefing employees daily on the Covid-19 situation in the districts close to our facilities, in Johor as well as the country.
- restricting foreign workers from leaving the in-house dormitory during lockdown, with all essential services and daily requirements provided by Tomypak.

In addition, Tomypak's in-house dormitory is one of the first few facilities in the country to be certified by the Department of Labour of Peninsular Malaysia under the 'Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019, the criteria of which includes fulfilling or exceeding the prescribed standards of hygiene and cleanliness.

Since the start of the pandemic and to date, all of Tomypak's 65 foreign workers have tested negative for COVID-19.

INVESTMENT AND DEVELOPMENT COMMITTEE

In addition to the RMC, the Board, in recognizing the substantive risks associated with the expansion plans that the Group had undertaken in the development of a new manufacturing facility in Senai, established an Investment and Development Committee (formerly known as Development Committee) in the year of 2015. The Investment and Development Committee is led by a non-independent non-executive director and the members comprise an independent director, the executive directors and management team.

The scope of the Investment and Development Committee includes review and recommendation to the Board for approval or otherwise of any potential collaboration, mergers or acquisitions and other key strategies developed by the Group for its future growth.

During the year under review, two (2) Investment and Development Committee meetings were held to review, analyze and propose where appropriate and feasible to implement, recommend these investments and/or development plans to the Board of Directors. The Investment and Development Committee had taken reasonable steps to ensure that the investment or development plans must include commercial and financial justifications, as well as ensuring that the source of funds were identified. The Committee also ensures that appropriate operational strategies including sales and marketing strategies, financial strategies and human resource strategies are in place. A comprehensive strategic plan encompassing information on the Group's performance indicators, business, operational, sales and marketing, financial, human resource and sustainability strategies were presented to the Investment and Development Committee for review and discussed to ensure that the Group's long term objectives are met.

For FY 2020, acquisition of SP Plastic & Packaging Sdn Bhd was presented and recommended by the Committee to the Board to increase the Group's market share in flexible plastic packaging industry.

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

INTERNAL AUDIT FUNCTION

In order to enhance the effectiveness of the risk management and internal control system, the internal audit functions of the Group for FY 2020 was outsourced to an external consultant, NGL Tricor Governance Sdn Bhd, who submits relevant Internal Audit Reports for Audit Committee's deliberation on a quarterly basis.

The Group adopts a risk-based approach to the implementation and monitoring of relevant internal controls. The Internal Auditors conduct briefings and interviews as part of risk assessment to identify significant concerns and risks perceived by the ORMC in order to draw up the risk-based internal audit plan.

Meetings are held between the Internal Auditors, head of divisions/departments and Management to discuss actions taken on internal control issues identified through reports prepared from regular internal audit visits. Additionally, internal audit reports together with findings, management's response and corrective actions are presented by the Internal Auditors to the Audit Committee.

Certain control and operational areas have been identified for further improvements as a result of the audits conducted during FY 2020 and these have been substantially addressed by the Board and the Audit Committee to ensure that immediate corrective actions are taken. Based on the recommendations of the Internal Auditors, various areas of internal controls were enhanced to tighten controls.

None of these areas identified have resulted in any material losses, contingencies or uncertainties that would require mention in the Company's Annual Report. The Management of the Group continues to take measures to strengthen the internal control environment from time to time based on the recommendations proposed by the Internal Auditors.

The Board recognises that the development of the risk management and internal control system is an ongoing process for identifying, evaluating and managing the risk faced by the Group, as the Group undergo various phases of growth, more so as the Group has invested substantially to expand its production capacity.

The Board maintains an ongoing commitment to strengthen the Group's internal control function and processes.

Indeed, the Board and Audit Committee have always ensured that Tomypak adopts good system of internal controls, corporate governance and best practices in its Board meetings and Audit Committee meetings taking cognisance of possible establishment of additional processes for identifying, evaluating and managing the significant risks within the Group in accordance with the guidelines stipulated in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies" issued by the Bursa Malaysia Securities Berhad.

Within the Group, effective risk management is dynamic and on-going and as such has implemented various key internal controls for evaluating and managing the significant risks that may affect the achievement of its business objectives throughout the financial year under review.

In this respect, the Group has proceeded to incorporate various key elements raised by Internal Auditors as well as External Auditors into its risk management and internal control system in order to safeguard shareholders' investment and the Group's assets by: -

- giving authority to the Board's committee members to investigate and report on any areas of improvement for the betterment of the Group;
- performing review on major variances and deliberating irregularities (if any) in the Board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them;
- considering comments from External Auditors and consultants on any weaknesses in the risk management and internal control system. The Board would also be informed on the matters brought up in the Audit Committee meetings on a timely basis;

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

INTERNAL AUDIT FUNCTION (CONT'D)

- delegating authority to the Managing Director and Executive Director in order for them to play a major role as the link between the Board and Senior Management in implementing effective risk management and internal control system and managing the Group's operations in accordance with the Board's expectations;
- keeping the Management informed on the development of action plans for enhancing risk management and internal control system and allowing various management personnel to have access to important, accurate and timely information for better decision-making;
- monitoring key commercial, operational and financial risks through reviewing the risk management and internal control system and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board;
- maintaining internal policies and procedures which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group;
- formulating the appropriate business planning, budgeting and Key Performance Indicators ("KPIs") so as to ensure the business performance is monitored on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year;
- regular audits (internal, HACCP and FSSC 22000) to boost operational efficiencies and ensure consistency of products' quality and work standards;
- on-going quality improvement initiatives throughout the Group;
- monitoring the day-to-day affairs of the Group by the management team through review of performance and operations reports and attending regular management meetings at different levels of the management hierarchy; and
- conducting regular review, developing and implementing appropriate and clear organization structure with defined lines of authority, responsibility and accountability in place, to ensure the Group is able to achieve its strategies and business objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control 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 Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared 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, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control 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 of Directors 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.

SUSTAINABILITY REPORT

SUSTAINABILITY STATEMENT

The Group fully subscribes to and is fully committed to optimising the environmental, economic and social impact of its business activities and the Group is pleased to provide in this report its efforts in this respect.

Tomypak believes and subscribes to the motto of not only growing stakeholder value through growth in our core business but also to achieve such growth in a sustainable manner that contributes and works for the betterment of the environment, community and our workplace.

This report is prepared and guided by the Sustainability Reporting Guide issued by Bursa Malaysia. We have identified material sustainability matters based on assessment of the Group's operations, key risks and opportunities. We selected key material sustainability matters from a range of key factors that could have significant impact on our ability to deliver sustainably to our customers, shareholders and key stakeholders. We prioritised and presented those matters that could have the greatest relevance and highest potential impact to our business and relationship with stakeholder.

The information in this report covers our actions taken to manage the key issues, and where applicable the results and performance in the areas of environment, employment and our contribution to the local communities at large. It must be recognized that our efforts in improving sustainability initiatives is an on-going process and will continuously be improved as we expand our business and we look forward to improving our deliverables in these areas on a continuing basis. In developing our plans for sustainability, we have also taken cognizance of some of the recommendations under the Sustainable Development Goals ("SDG") strategies by United Nations.

In this respect, we have now created a specific department with additional resource to manage our sustainability matters. This department will be responsible for implementing the comprehensive programme developed on the 3 key areas of sustainability: environment, work place and the community. The Group also has a policy of making all employees equally responsible for ensuring that the strategies in relation to sustainability are successfully implemented.

STRUCTURE TO ACHIEVE STRATEGIES

Our sustainability strategy is developed and directed by the senior management of the Group based on guidelines provided by the Board as well as understanding international standards applicable to such matters. It also takes into consideration requirements of our customers in terms of their respective policies on sustainability. A comprehensive programme was drawn up in FY 2019, presented and approved by Board of Directors in FY 2020. This sustainability programme will be reviewed and updated on a continuing basis.

An Environmental and Safety Committee ("ESC") led by the Executive Director and assisted by the Safety, Health & Environment Engineer has been formed to facilitate the implementation of the Group's sustainability strategy. The ESC is tasked and has in FY 2019 and further in FY 2020 developed a set of comprehensive sustainability targets and goals as well as the appropriate strategies and action plans to achieve such targets. In FY 2020, some of the initiatives were implemented and these are described in more detail in subsequent sections in this report.

For the Group, a 6-year sustainability strategy was developed in FY 2019 addressing three different levels of sustainability maturity for the organization to achieve over these coming years. The three different levels of sustainability are Value Protection, Value Efficiency and Value Creation as follows:

- **Value Protection:**
To introduce sustainability plans with a view to reduce and control operational costs and risk, reduce reputation risk, and preserve and comply with regulatory and compliance risks;
- **Value Efficiency:**
To implement action plans that will achieve operational cost savings, supply chain cost savings and implementation of appropriate reporting system;
- **Value Creation:**
To enhance product innovation, increase market share and brand enhancement.

SUSTAINABILITY REPORT (CONT'D)

STRUCTURE TO ACHIEVE STRATEGIES (CONT'D)

The Group has set a target to achieve the abovementioned sustainability maturity level gradually with the phased implementation of 2-2-2. The Group is currently in the Value Protection phase and will moving forward to Value Efficiency and Value Creation phases, with each phase being allocated a 2-year implementation period. Whilst this is the overall strategy, some of the strategies in the subsequent phases have already been undertaken in FY 2020. As an example, the Group has already commenced developing innovative products not just for commercial benefit, but to also be more environmentally responsible. Meanwhile, the Group will continue to comply with the rules and regulations and monitoring of key environment issues by addressing the requirements under various regulations in the country such as Global Reporting Initiative (“GRI”), taking cognizance of major customers’ concerns on environmental and human rights issues as well as on reducing, reusing and recycling waste produce from business operations.

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS (“ESG”)

The following ESG factors which are deemed material to the Group’s business and stakeholders was first developed in FY 2017, and was further reviewed and improved upon by Management throughout the period in FY 2020:

- i) Employment
- ii) Environment
- iii) Local community

Some of the pertinent matters, action plans and programmes that the Group considers as material with respect to each of the above are further elaborated below.

(I) EMPLOYMENT

The Group believes that people are the key component to the achievement of our business strategies and our employees are our most valued assets.

Equal Opportunities

The Group is committed to the following:

- a) provide fair work opportunities to all irrespective of age group, ethnicity, gender, qualifications, whether local or foreign workers;
- b) provide all our employees with equal opportunities for career advancement based on meritocracy, performance and qualification; and
- c) as the Group continues to build our organizational capacity and capabilities to achieve the company's objectives in relation to our expansion programme, the Group has initiated a plan to continuously enhance and upgrade employees’ skills, knowledge and experience. This continuous HR development programme enhances the employees’ competencies and performance to work efficiently and effectively. In FY 2020, more comprehensive and intensive internal in house and external training related to improvements in work processes and ethics, compliance, regulatory and safety and health were provided to all level of staff.

Fair Compensation and Benefits

The Group ensures that the welfare of all employees is always looked after and compensation for all employees are on fair and equitable terms. The Group also complies with the Malaysian statutory requirement to contribute to the Employees’ Provident Fund and the Social Security Organization. In addition to this, the Group provides personal accident insurance for executive employees. A comprehensive compensation review was conducted in Q1 FY 2021 to ensure fair compensation for all employees and to provide these employees with a clearer view of their potential career path within the Group.

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS ("ESG") (CONT'D)

(I) EMPLOYMENT (CONT'D)

Fair Compensation and Benefits (Cont'd)

The Group provides to all its employees, including foreign workers working for the Group, medical benefits such as outpatient, specialist and dental treatment. The Group also provides Hospitalization and Surgical Insurance Coverage to local employees and the immediate family members of management staff.

In addition, the Group makes contribution to a defined benefit plan that provides for lump sum benefits for certain category of employees upon retirement.

Health and Safety

Ensuring that the health and safety of all our employees, particularly those who work within the factory environment, is one of the prime concerns of the Group.

The Group's Safety and Health Committee is responsible for the occupational safety and health of our employees. The Committee which meets on a monthly basis, prescribes the policies, implements and monitors various ongoing safety and health programmes for all level of employees to improve and enhance awareness amongst staff.

In response to the Covid-19 pandemic from Q1 2020 until to-date, additional initiatives have been taken to protect the health and safety of our employees. These include requiring all employees and visitors to undergo temperature screening before entering Tomypak premises, COVID-19 swab test results requirement for visitors who were travelling from red zone areas, sanitizers placed in strategic locations throughout the premises, employees being encouraged to have their daily meals at the canteen to minimize exposure of dining outside of the Group premises, visitors and employees self-declaration forms required to ensure necessary information available for immediate action if any case is detected while employees with fever or who appear unwell be required to immediately seek medical attention at panel clinics and work from home for administrative staff.

The Group has conducted the mandatory COVID-19 swab test in Q1 2021 to ensure that all our foreign workers and our factory premises are free of Covid-19. All our foreign workers have been certified as Covid-19 free.

A special COVID-19 team was formed to set up COVID-19 prevention protocol which includes but is not limited to the COVID-19 contingency plan, stringent visitors policy as well as to ensure that all SOPs announced by National Security Council Malaysia ("MKN"), Ministry of Health Malaysia ("KKM"), Kulai Municipal Council ("MPK") are strictly complied to. Tomypak has also conducted swab tests for all employees listed as close contact or possible close contact and there has been no COVID-19 cases reported to-date. Daily briefings are provided to all employees on the situation in the country and more particularly in and around the vicinity of our premises to keep all employees duly informed and for them to continue to take the necessary precautions and safety measures.

All the above efforts are performed to protect the safety and health of employees and stakeholders. The Group has undertaken all the necessary actions to ensure that our employees and their family as well as visitors are all safe.

The Group, through the deployment of the Safety and Health team, continually seeks to promote improvement on the standards of the safety and health practices in full compliance with statutory requirements, codes, guidelines and standards for occupational safety and health. The Safety and Health team carries out daily inspections, liaise with all the related government bodies, regulatory agencies and conducts frequent safety related audit. Spot checks on employees are also frequently carried out and immediate action will be taken against those who have breached the company's rules and policies.

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS ("ESG") (CONT'D)

(I) EMPLOYMENT (CONT'D)

Accommodation

All of our foreign workers and workers from outside of Johor are housed in a purpose built dormitory within the compound of our Senai factory. All necessary facilities and convenience are provided to all those staying in this dormitory. Dormitory inspection as well as cleaning are carried out on a weekly basis by our Safety & Health, Administration and Facility & Maintenance departments. In addition, Tomypak has completed the SMETA (Sedex Members Ethical Trade Audit) required by a major customer in Q1 2021 with minimal improvements, which indicate Tomypak being compliant with international standards in respect of employment of foreign workers.

Our Tomypak in-house dormitory is one of the first few facilities to be certified by the Department of Labour of Peninsular Malaysia under the Accommodation Act 'Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019. This is not only important in terms of the welfare of our employees but it is also fundamental that our housing facilities we provide our employees are hygienic, clean and Covid 19 free.

Continuous Training

The Group recognizes that continuous training and upgrading of the knowledge and skills of the employees are important to enable them in discharging their responsibilities effectively and efficiently.

During the financial year, the Group provided both internal and external training in relevant functional areas, to increase the competency of our staff as well as heighten their awareness with refresher courses. Whilst there were less classroom training conducted in FY 2020 due to the MCO, online training courses were scheduled for the employees. In addition to the annual refresher courses in Good Manufacturing Practices ("GMP"), Food Safety and Security Certification ("FSSC") as well as Hazard Analysis And Critical Control Points ("HACCP"), a total of 11 other training courses were provided to our employees, including 7 QC Tools in Problem Solving, Anti Bribery Management System, and Food Safety Management System ("FSMS") Risk and Opportunity Analysis Training. For purposes of renewal of the FSSC certification for both our Senai and Tampoi plants, there was continuous training for new recruits as well as refresher courses for the older staff.

Employee Share Option Scheme ("ESOS")

The ESOS which was approved by shareholders in FY 2016 continued to be implemented in FY 2020. This ESOS provide our employees an opportunity to have equity participation in the Group. This scheme is an integral plan to retain and incentivise our current employees and allows our employees to have a sense of "ownership" and participation in the financial performance of the Group. In FY 2020, a total of 956,900 shares were granted to all eligible employees. As at end of FY 2020, a total of 30,344,678 share options were granted to directors and staff.

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS ("ESG") (CONT'D)

(II) ENVIRONMENT

The Group's business invariably involves materials such as plastic films, aluminum foils and liquid discharges such as used glue, ink and solvent, that have an impact on the environment at large. Recognizing this, the Group adopts a code of conduct which coexistence with the environment and also adheres to all environmental laws and regulations stringently and strictly. Currently, the Group monitors where these wastes are sent to by our appointed suitably qualified and approved contractors, and how they are disposed of.

Having taken cognizance of the need to put in place a more comprehensive waste management programme given the types of waste our factories discharge, the Safety, Health and Environment Department was tasked to ensure full compliance by the Group on all laws and regulations and to ensure that any changes in the environmental laws and regulations are constantly monitored and updated with the appropriate action plans put in place to meet these new requirements. In addition, another of the key role of this department is to develop a more comprehensive environment management programme for the immediate few years given our expansion program, by researching and learning from other countries how such wastes are managed effectively beyond just letting a waste management company collect such waste for disposal.

In the meantime, the Group has continued with these activities throughout the FY 2020 year to enhance our commitment to the preservation of the environment. These include:

- Recycled what we cannot re-use but which can be used by others by selling these waste substances to licensed waste collectors/recyclers. The Group also invested in a recycling machine to convert plastic waste into resin pellets to be sold to third-party users.
- Reviewed and enhanced the energy savings programme to reduce electricity usage further by converting the use of electricity to natural gas. This includes more robust and efficient production planning to consolidate production schedules which will lead to a reduction for overtime works and hence reduce the consumption of electricity;
- Invested in Stack Emission Monitoring that allows the Group to be able to evaluate the characteristics of industrial waste gas stream emissions that are released from the factory chimneys into the atmosphere;
- Installed in factory chimneys carbon filters to reduce Volatile Organic Compounds (VOCs) before waste gas stream emissions are released into the atmosphere;
- Enhanced the usage of electronic file sharing and storage within the company's servers to reduce the usage of paper, recycling of used papers for printing purposes;
- Implemented within the factory different types of contingency plans to prevent/minimise chemical spillage within the factory surroundings;
- Re-used materials within our production processes such as the reuse of used solvents, reuse of paper spools etc;
- Sourced materials only from environment friendly vendors or suppliers where possible;
- Segregated recyclable material and appointed licensed contractor for collection, strictly adhering to schedule waste in accordance to Environmental Quality (Schedule Waste) Regulations 2005;
- Intensified product innovation with recyclable packaging product, developed mono material recyclable structures, biobased materials, thinner lamination layer and composting materials. All of which will lead to lower plastics used as well as lower cost for our customers;

SUSTAINABILITY REPORT (CONT'D)

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS ("ESG") (CONT'D)

(II) ENVIRONMENT (CONT'D)

- Diversified scheduled waste collectors from 2 licensed scheduled waste collectors to 5 licensed scheduled waste collectors. This will enable reduction in cost of scheduled waste disposal and provide business opportunity to other company as well;
- Performed monthly sewage treatment plant servicing and water effluent monitoring such that only treated water are discharged from Tomypak premises; and
- Conducted boundary noise and ambient air monitoring at 6 different locations within Tomypak's Senai premise.

LOCAL COMMUNITY

The Group plays its role as a socially responsible corporate citizen in the community and continues to support the needs of the community in various forms.

In line with the Group's support to the community, the Group continues to offer internships to a number of undergraduates who are required to fulfil their practical training requirements. These undergraduates have the opportunity to gain practical experience from their attachments to the Group's daily operations. The Group believes that offering internships to students allows young individuals to gain hands-on experience and opportunity to work in their fields of interest. The interns are given the opportunity to learn how their course of study can be applied to the real world and gain valuable experience that improve their job prospects after graduation including with the Group itself.

In FY 2020, two interns were attached to the Group, much lower than prior years due to the Malaysian Government's movement control restrictions throughout the year. A comprehensive 3-month programme was developed for the interns to learn about the entire value chain of the Group's production process and various other areas of operations to give them the necessary exposure.

FIVE-YEAR FINANCIAL HIGHLIGHTS AND FINANCIAL INDICATORS

Year Ended 31 December	2016	2017	2018	2019	2020
Results (RM'000)					
Revenue	210,942	205,907	168,382	158,061	154,285
Profit/(Loss) from operations (1)	23,685	11,174	(8,918)	(8,246)	1,434
Profit/(Loss) before taxation	23,210	9,889	(11,650)	(11,597)	(480)
Net profit/(Loss) for the financial year	18,378	13,622	(1,870)	(11,609)	(540)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	36,225	25,697	8,134	9,933	18,888
Statement of financial position (RM'000)					
Shareholders' equity	188,769	195,693	192,352	181,313	187,136
Total borrowings	34,131	50,757	78,206	73,556	53,602
Total assets	269,020	284,820	293,419	275,870	263,298
Ratio					
Earnings/(Loss) per share (sen) (2)	5.31	3.27	(0.44)	(2.77)	(0.15)
Interest cover (times) (3)	49.86	8.70	(3.26)	(2.46)	0.75
EBITDA over revenue (4)	17.17%	12.48%	4.83%	6.28%	12.24%
Return on equity (5)	9.74%	6.96%	(0.97%)	(6.40%)	(0.29%)
Return on total assets (6)	8.80%	3.92%	(3.04%)	(2.99%)	0.54%
Gearing (7)	0.18	0.26	0.41	0.41	0.29
Net assets per share (RM) (8)	1.14	0.46	0.46	0.43	0.44

(1) Earnings before interest and tax

(2) Net Profit/(Loss) for the financial year over total number of shares as at 31 December

(3) Profit/(Loss) from operations over finance costs

(4) EBITDA over revenue

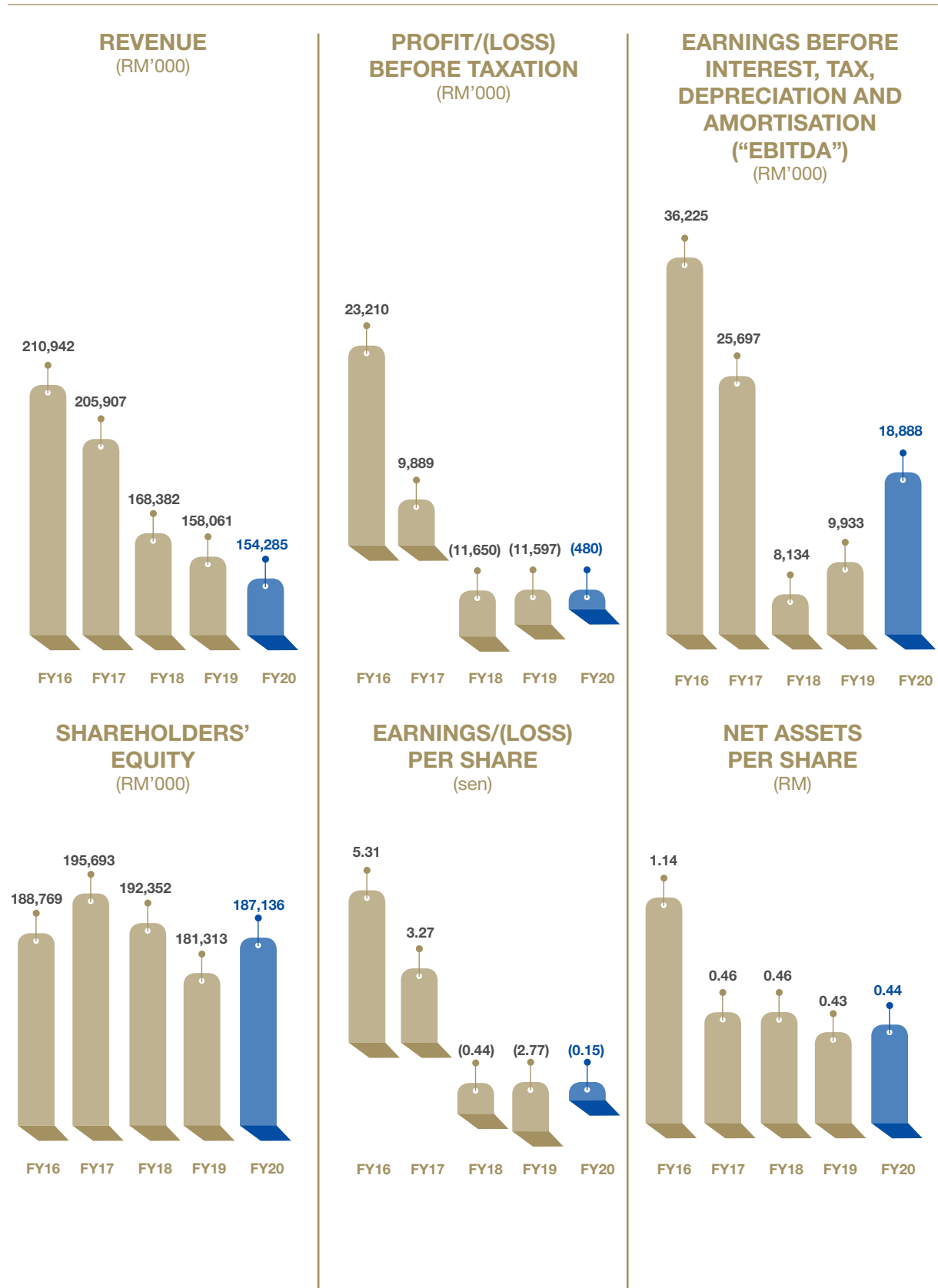
(5) Net Profit/(Loss) for the financial year over Shareholders' equity

(6) Profit/(Loss) from operations over Total assets

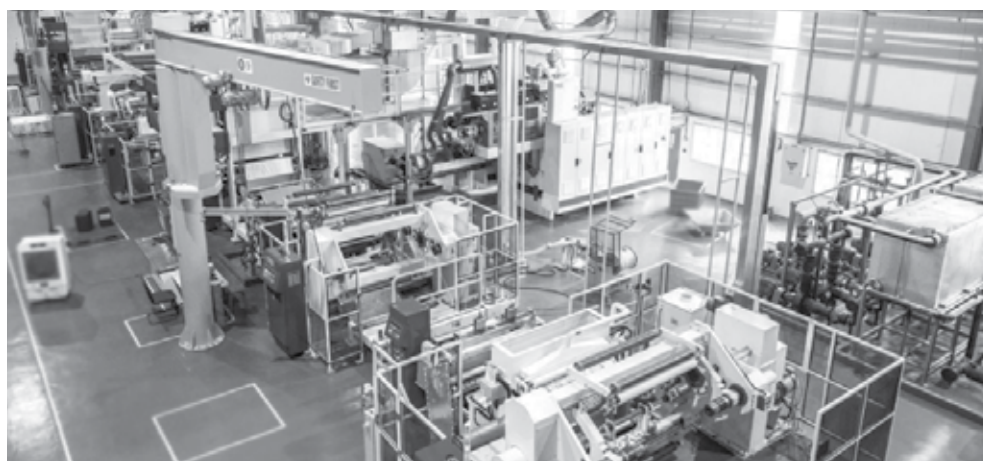
(7) Total borrowings over Shareholders' equity

(8) Shareholders' equity over total number of shares as at 31 December. The number of shares for FY 2017 to FY 2020 taken into account the increase in number of share resulting from share split and bonus issue implemented in FY 2017.

FIVE-YEAR FINANCIAL HIGHLIGHTS AND FINANCIAL INDICATORS
 (CONT'D)



FINANCIAL STATEMENTS



THE REPORTS

Directors' Report

56

Statements of Financial Position

62

**Statements of Profit or Loss and
Other Comprehensive Income**

63

**Consolidated Statement of
Changes in Equity**

64

Statement of Changes in Equity

66

Statements of Cash Flows

68

Notes to the Financial Statements

71

Statement by Directors

122

Statutory Declaration

122

Independent Auditors' Report

123

DIRECTORS' REPORT

For the year ended 31 December 2020

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 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(616)	196
Non-controlling interests	76	-
	(540)	196

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 12 to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous financial year.

The Board of Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2020.

DIRECTORS OF THE COMPANY

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

Mr. Tan See Yin
Mr. Yong Kwet On
To' Puan Rozana binti Tan Sri Redzuan
En. Azmi bin Arshad
Datuk Kamal bin Khalid (appointed on 1 September 2020)
Mr. Lim Hun Swee (resigned on 20 May 2021)
Mr. Chin Cheong Kee @ Chin Song Kee (retired on 19 August 2020)

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	Interest	Number of ordinary shares			
		At 1 January 2020 '000	Bought '000	Sold '000	At 31 December 2020 '000
Company					
Mr. Yong Kwet On	Direct	1,117	–	–	1,117
	Deemed	98,693	862	–	99,555
Mr. Lim Hun Swee	Direct	87,290	1,994	–	89,284
Mr. Tan See Yin	Direct	821	–	(380)	441
To' Puan Rozana binti Tan Sri Redzuan	Direct	340	–	–	340
En. Azmi bin Arshad	Direct	–	70	–	70

Name of Directors	Interest	Number of Warrants			
		At 1 January 2020 '000	Bought '000	Sold '000	At 31 December 2020 '000
Company					
Mr. Lim Hun Swee	Direct	21,925	–	(21,925)	–*
Mr. Yong Kwet On	Deemed	–	3,000	–	3,000

* represents 50 warrants

The other Director holding office at 31 December 2020 does not have any interest in the ordinary shares of the Company and of its related corporations during the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) 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.

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 apart from the issue of the Employees' Share Option Scheme ("ESOS") of the Company and Warrants.

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES

During the financial year, the Company issued the following shares:

- a) 774,100 new ordinary shares for cash arising from the exercise of the employees' share options at an exercise price of RM0.42 per ordinary share;
- b) 5,103,900 new ordinary shares for cash arising from the exercise of the employees' share options at an exercise price of RM0.43 per ordinary share;
- c) 4,268,400 new ordinary shares for cash arising from the exercise of the employees' share options at an exercise price of RM0.53 per ordinary share;
- d) 137,500 new ordinary shares for cash arising from the exercise of the employees' share options at an exercise price of RM0.60 per ordinary share; and
- e) 205,200 new ordinary shares for cash arising from the exercise of the employees' share options at an exercise price of RM0.60 per ordinary share.

At the Annual General Meeting held on 19 August 2020, the shareholders of the Company renewed their approval for the Company to repurchase its own shares. During the financial year, the Company repurchased from the open market a total of 478,200 of its issued ordinary shares with an average repurchase price of RM0.50. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost. The Company subsequently transferred a total of 2,205,500 of its treasury shares at an average market price of RM0.716 as purchase consideration for the acquisition of a subsidiary.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

ISSUE OF WARRANTS

The Warrants are constituted by the Deed Poll dated 20 May 2016.

The main features of the Warrants are as follows:

- a) The Warrants which are exercisable into new ordinary shares, are attached to the Rights Shares without any cost and will be issued only to the entitled shareholders who subscribe for the Rights Shares;
- b) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.93 during the exercise period, subject to the adjustments in accordance with the Deed Poll constituting the Warrants;
- c) The Warrants may be exercised at any time on or after 5 July 2016 until the end of the tenure of the Warrants of five (5) years;
- d) The new shares to be issued upon the exercise of the Warrants shall, upon issuance and allotment, rank pari passu in all respects with the then existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid by the Company prior to be the relevant date of allotment and issue of the new shares to be issued pursuant to the exercise of the Warrants;
- e) For purpose of trading on Bursa Securities, a board lot for the Warrants shall comprise one hundred (100) Warrants carrying right to subscribe for 100 new shares at any time during the exercise period or such denomination as determined by Bursa Securities; and
- f) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws of Malaysia.

No Warrants were exercised during the financial year. As at year end, 136,834,425 Warrants remained unexercised.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an ESOS Committee Meeting held on 3 August 2016, the Company's shareholders approved the establishment of the ESOS of not more than 15% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group.

The salient features of the ESOS are as follows:

- a) The ESOS is administered by ESOS Committee appointed by the Board of Directors.
- b) The aggregate number of options issued and options offered under the ESOS Scheme shall not exceed fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS Scheme.
- c) The eligible employee must be satisfy the following conditions:
 - i) at least eighteen (18) years old and have been confirmed and employed on full time basis on the date of offer; and
 - ii) the eligible employee must not be an undischarged bankrupt nor subject to any bankruptcy proceedings.
- d) The subscription price for each ordinary share shall be the weighted average market price of the shares of the Company for the five (5) market days immediately preceding the date of the offer with a discount of not more than ten percent (10%) or the par value of the ordinary shares, whichever is higher.
- e) The option is personal to the grantee and is non-assignable.
- f) The options granted may be exercised at any time within the period of five (5) years commencing from 8 July 2016, subject to a further extension of five (5) years as the Board may determine.
- g) Option exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the Scheme.
- h) The options shall be exercised in multiple of and not less than one hundred (100) options.

The movements in outstanding options offered to take up unissued ordinary shares and the exercise price is as follows:

Date of offer	Exercise price	Number of options over ordinary shares ('000)				At 31 December 2020
		At 1 January 2020	Grant	Exercised	Forfeited	
9 September 2016	RM0.60	416	-	(138)	(24)	254
9 September 2017	RM0.87	3,750	-	-	(226)	3,524
28 January 2018	RM0.91	286	-	-	(17)	269
24 December 2018	RM0.53	4,840	-	(4,268)	(223)	349
15 January 2019	RM0.61	318	-	(205)	(8)	105
11 September 2019	RM0.43	6,045	-	(5,104)	(755)	186
9 March 2020	RM0.42	-	957	(774)	(164)	19

The date of expiry of the option is 7 July 2021.

DIRECTORS' REPORT (CONT'D)

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of premium paid for insurance effected for Directors and officers of the Company is RM5,781.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audited financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

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 has been 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, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- 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 31 December 2020 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.

DIRECTORS' REPORT
(CONT'D)

AUDITORS

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

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

Yong Kwet On
Director

Tan See Yin
Director

Johor Bahru

Date: 25 May 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	173,759	187,954	–	–
Right-of-use assets	4	3,254	3,514	–	–
Investment properties	5	375	–	–	–
Deferred tax assets	6	4,527	4,527	–	–
Investment in subsidiaries	7	–	–	138,898	137,208
Goodwill on consolidation	8	1,025	–	–	–
Total non-current assets		182,940	195,995	138,898	137,208
Inventories	9	20,454	22,179	–	–
Contract assets	10	8,829	10,035	–	–
Trade and other receivables	11	40,825	38,090	3,901	114
Current tax assets		6	8	3	8
Cash and cash equivalents		10,244	9,563	1,292	211
Total current assets		80,358	79,875	5,196	333
Total assets		263,298	275,870	144,094	137,541
Equity					
Share capital	12	116,353	110,015	116,353	110,015
Reserves	12	70,783	71,298	27,278	26,981
Equity attributable to owners of the Company		187,136	181,313	143,631	136,996
Non-controlling interests	7	609	–	–	–
Total equity		187,745	181,313	143,631	136,996
Liabilities					
Loans and borrowings	13	7,148	17,233	–	–
Lease liabilities		102	253	–	–
Employee benefits	14	548	554	–	–
Total non-current liabilities		7,798	18,040	–	–
Trade and other payables	15	21,050	19,987	463	494
Lease liabilities		160	156	–	–
Loans and borrowings	13	46,454	56,323	–	–
Current tax liabilities		91	–	–	–
Dividends payable		–	51	–	51
Total current liabilities		67,755	76,517	463	545
Total liabilities		75,553	94,557	463	545
Total equity and liabilities		263,298	275,870	144,094	137,541

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	16	154,285	158,061	1,000	1,500
Cost of sales		(143,670)	(156,518)	–	–
Gross profit		10,615	1,543	1,000	1,500
Other income		1,282	2,156	–	–
Distribution expenses		(3,335)	(3,991)	–	–
Administrative expenses		(6,625)	(7,794)	(831)	(861)
Other expenses		(503)	(160)	–	(219)
Results from operating activities		1,434	(8,246)	169	420
Finance income		35	62	30	–
Finance costs	17	(1,949)	(3,413)	–	–
Net finance (costs)/income		(1,914)	(3,351)	30	–
(Loss)/Profit before tax		(480)	(11,597)	199	420
Tax expense	18	(60)	(12)	(3)	–
(Loss)/Profit for the year/ Total comprehensive (expense)/income for the year	19	(540)	(11,609)	196	420
(Loss)/Profit attributable to:					
Owners of the Company		(616)	(11,598)	196	420
Non-controlling interests		76	(11)	–	–
(Loss)/Profit for the year/ Total comprehensive (expense)/income for the year		(540)	(11,609)	196	420
Basic loss per ordinary share (sen)	20	(0.15)	(2.77)		
Diluted loss per ordinary share (sen)	20	(0.15)	(2.76)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company										Total equity RM'000
	Non-distributable					Distributable					
Note	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Share option RM'000	Merger reserve RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000	
Group											
At 1 January 2019	109,883	(4)	(662)	1,790	2,991	16,967	61,387	192,352	11	192,363	
Loss and total comprehensive expense for the year	-	4	-	-	-	-	(11,598)	(11,594)	(11)	(11,605)	
<i>Contributions by and distributions to owners of the Company</i>											
Equity settled share based transaction											
- Share option granted	12	-	-	866	-	-	-	866	-	866	
- Share issued pursuant to ESOS		-	-	-	-	-	-	104	-	104	
- Share option exercised		-	-	(28)	-	-	-	-	-	-	
Own shares acquired		-	(415)	-	-	-	-	(415)	-	(415)	
Total transactions with owners of the Company											
Share option forfeited											
	132	-	(415)	838	-	-	-	555	-	555	
	-	-	-	(384)	-	-	384	-	-	-	
At 31 December 2019	110,015	-	(1,077)	2,244	2,991	16,967	50,173	181,313	-	181,313	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(CONT'D)

	Attributable to owners of the Company										Total equity RM'000	
	Share capital RM'000	Share Translation reserve RM'000	Treasury shares RM'000	Share option RM'000	Merger reserve RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000		
Group												
At 1 January 2020	110,015	-	(1,077)	2,244	2,991	16,967	50,173	181,313	-	-	181,313	
(Loss)/Profit and total comprehensive (expense)/income for the year	-	-	-	-	-	-	(616)	(616)	76	(540)		
<i>Contributions by and distributions to owners of the Company</i>												
Equity settled share based transaction	-	-	-	112	-	-	-	112	-	112		
- Share option granted	4,988	-	-	-	-	-	-	4,988	-	4,988		
- Share issued pursuant to ESOS	1,350	-	-	(1,350)	-	-	-	-	-	-		
- Share option exercised	-	-	(239)	-	-	-	-	(239)	-	(239)		
Own shares acquired	-	-	1,316	-	-	-	262	1,578	-	1,578		
Own shares sold	-	-	-	-	-	-	-	-	-	-		
Total transactions with owners of the Company	6,338	-	1,077	(1,238)	-	-	262	6,439	-	6,439		
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	533	533		
Share option forfeited	-	-	-	(192)	-	-	192	-	-	-		
At 31 December 2020	116,353	-	-	814	2,991	16,967	50,011	187,136	609	187,745		

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company		Share		Distributable		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	option reserve RM'000	Warrant reserve RM'000	Retained earnings RM'000		
Company							
At 1 January 2019	109,883	(662)	1,790	16,967	8,043		136,021
Profit and total comprehensive income for the year	-	-	-	-	420		420
<i>Contributions by and distributions to owners of the Company</i>							
Equity settled share based transaction							
- Share option granted	104	-	866	-	-		866
- Share issued pursuant to ESOS	28	-	(28)	-	-		104
- Share option exercised	-	(415)	-	-	-		-
Own shares acquired	-						(415)
Total transactions with owners of the Company	132	(415)	838	-	-		555
Share option forfeited	-	-	(384)	-	384		-
At 31 December 2019	110,015	(1,077)	2,244	16,967	8,847		136,996

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

STATEMENT OF CHANGES IN EQUITY
(CONT'D)

	Attributable to owners of the Company		Distributable		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Warrant reserve RM'000	
Company					
At 1 January 2020	110,015	(1,077)	2,244	16,967	136,996
Profit and total comprehensive income for the year	-	-	-	-	196
<i>Contributions by and distributions to owners of the Company</i>					
Equity settled share based transaction	-	-	112	-	112
- Share option granted	4,988	-	-	-	4,988
- Share issued pursuant to ESOS	1,350	-	(1,350)	-	-
- Share option exercised	-	(239)	-	-	(239)
Own shares acquired	-	1,316	-	-	262
Own shares sold	-	-	-	-	1,578
Total transactions with owners of the Company	6,338	1,077	(1,238)	-	6,439
Share option forfeited	-	-	(192)	-	192
At 31 December 2020	116,353	-	814	16,967	143,631

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

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(480)	(11,597)	199	420
Adjustments for:					
Depreciation of:					
- Property, plant and equipment		17,166	17,919	-	-
- Investment properties		3	-	-	-
- Right-of-use assets		285	260	-	-
Equity settled share-based transactions		112	866	-	-
Finance costs	17	1,949	3,413	-	-
Finance income		(35)	(62)	(30)	-
Investment in a subsidiary written off		-	4	-	218
Property, plant and equipment:					
- Written off		-	38	-	-
- (Gain)/Loss on disposal		(14)	41	-	-
Impairment loss/(Reversal of impairment loss) on trade receivables		482	(18)	-	-
Other receivables written off		-	34	-	-
Unrealised loss/(gain) on foreign exchange		172	(1,693)	-	-
Operating profit before changes in working capital		19,640	9,205	169	638
Change in employee benefits		(6)	(55)	-	-
Change in inventories		2,132	6,508	-	-
Change in trade and other receivables		(3,904)	3,637	(1)	(113)
Change in trade and other payables		(335)	(2,203)	(31)	(94)
Change in contract assets		1,206	(6,660)	-	-
Cash generated from operations		18,733	10,432	137	431
Tax (paid)/refunded		(25)	6,011	2	8
Other finance costs paid		(167)	(169)	-	-
Net cash from operating activities		18,541	16,274	139	439

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

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(2,043)	(5,945)	–	–
Acquisition of a subsidiary, net of cash and cash equivalents acquired	22	486	–	–	–
Acquisition of right-of-use assets		–	(1,120)	–	–
Proceeds from disposal of property, plant and equipment		39	26	–	–
Change in amount due from a subsidiary		–	–	(3,786)	–
Interest received		35	62	30	–
Net cash used in investing activities		(1,483)	(6,977)	(3,756)	–
Cash flows from financing activities					
Drawdown of term loans		259	358	–	–
Repayment of term loans		(18,699)	(15,396)	–	–
Net short term borrowings		(699)	11,936	–	–
Proceeds from exercise of share option		4,988	104	4,988	104
Payment for repurchase of treasury shares		(239)	(415)	(239)	(415)
Payment of lease liabilities		(154)	(132)	–	–
Dividends paid to owners of the Company		(51)	–	(51)	–
Interest paid		(1,782)	(3,244)	–	–
Net cash (used in)/from financing activities		(16,377)	(6,789)	4,698	(311)
Net increase in cash and cash equivalents		681	2,508	1,081	128
Cash and cash equivalents at 1 January		9,563	7,055	211	83
Cash and cash equivalents at 31 December		10,244	9,563	1,292	211

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

Cash and bank balances	10,244	9,563	1,292	211
------------------------	--------	-------	-------	-----

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

STATEMENTS OF CASH FLOWS (CONT'D)

Cash outflows for leases as a lessee

	Note	2020 RM'000	Group 2019 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	19	79	64
Payment relating to leases of low-value assets	19	50	38
Payment relating to cancellable leases not included in the measurement of lease liabilities	19	–	38
Included in net cash from financing activities			
Payment of lease liabilities		154	132
Interest paid in relation to lease liabilities	17	15	19
Total cash outflows for leases		298	291

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition through business combination RM'000	Foreign exchange movement RM'000	Derecognition of leases RM'000	At 31 December 2020 RM'000
Group						
Banker's acceptances	2,027	4,403	–	–	–	6,430
Term loans	30,542	(18,440)	473	(870)	–	11,705
Trust receipts	26,541	(6,510)	–	–	–	20,031
Revolving credit	14,446	1,408	–	(418)	–	15,436
Lease liabilities	409	(154)	41	–	(34)	262
Total liabilities from financing activities	73,965	(19,293)	514	(1,288)	(34)	53,864

	Adjustment on initial application of MFRS 16/ At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2019 RM'000
Banker's acceptances	776	1,251	–	–	2,027
Term loans	46,595	(15,038)	–	(1,015)	30,542
Trust receipts	24,500	2,041	–	–	26,541
Revolving credit	6,335	8,644	–	(533)	14,446
Lease liabilities	384	(132)	157	–	409
Total liabilities from financing activities	78,590	(3,234)	157	(1,548)	73,965

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

NOTES TO THE FINANCIAL STATEMENTS

Tomypak Holdings Berhad 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 the principal place of business and registered office of the Company are as follows:

Principal place of business

PTD 109476, Jalan Cyber 4
Kawasan Perindustrian Senai Fasa 3
81400 Senai
Johor Darul Takzim
Malaysia

Registered office

Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 7.

These financial statements were authorised for issue by the Board of Directors on 25 May 2021.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The 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 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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 in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and 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 upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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 estimates are revised and in any future periods affected.

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

- Note 6 - recognition of deferred tax assets
- Note 8 - goodwill on consolidation

2. 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 investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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.

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) 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.

(v) 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)

(a) Basis of consolidation (Cont'd)

(vi) 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 the 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 foreign currency translation reserve ("FCTR") 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. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR 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 FCTR 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. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. 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.

(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.

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

(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(k)(i)) where the effective interest rate is applied to the amortised cost.

(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 at 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. 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 (Cont'd)

(i) Debt investments (Cont'd)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(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(k)(i)).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. 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.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(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.

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) Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(v) Derecognition (Cont'd)

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.

(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.

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 income" and "other 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)

(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 component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated.

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

Buildings	40 years
Plant and machinery	2 - 20 years
Office equipment, furniture and fittings	4 - 10 years
Motor vehicles	5 years

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

(e) Leases

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)

(e) Leases (Cont'd)

As a lessee

(i) Recognition and initial measurement

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.

(ii) Subsequent measurement

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. These include freehold land and leasehold land which in substance is a finance lease held for currently undetermined future use.

The Group shall transfer a property to, or from, investment property when, and only when, there is a change in use. Transfer between investment property, property, plant and equipment and inventories do not change the carrying amount of the property transferred.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment loss, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. 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.

(g) Intangible assets

Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(h) Inventories

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

The cost of inventories is calculated using the first-in first-out method and includes expenditure incurred in acquiring the inventories and 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.

(i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

(k) 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, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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 determines 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, contract assets, deferred tax assets and assets arising from employee benefits) 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 goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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)

(l) Equity instruments

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

(i) Issue expenses

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 in the statement of changes in equity.

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 equity.

(m) Income tax

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

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

Deferred tax 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 tax is not recognised for the temporary differences arising from 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 tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue and other income

(i) Revenue

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

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 borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(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)

(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) 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 or profit-sharing plans 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 contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is calculated based on 25% of the last drawn salary for each completed year of service up to balance sheet date and no qualified actuary has been appointed by the Group in the measurement of the defined benefit obligations since the amount is not expected to have a material impact to the financial statements.

(iv) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee benefits (Cont'd)

(iv) Share-based payment transactions (Cont'd)

The fair value of employee share options is measured using a binomial lattice 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.

(q) Earnings per ordinary share

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

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

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

(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 Managing Director 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) Fair value measurements

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)

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Construction -in -progress RM'000	Total RM'000
Group						
At cost						
At 1 January 2019	66,313	282,989	18,948	1,709	–	369,959
Additions	727	4,775	443	–	–	5,945
Disposals	–	(195)	(173)	–	–	(368)
Written off	–	(490)	(5)	–	–	(495)
At 31 December 2019/ 1 January 2020	67,040	287,079	19,213	1,709	–	375,041
Acquisition through business combination	–	9	26	32	886	953
Additions	428	1,494	121	–	–	2,043
Disposals	–	(9,341)	(152)	–	–	(9,493)
Written off	–	–	(5)	–	–	(5)
At 31 December 2020	67,468	279,241	19,203	1,741	886	368,539
Accumulated depreciation						
At 1 January 2019	7,325	149,860	11,893	848	–	169,926
Depreciation charge	1,594	14,050	1,971	304	–	17,919
Disposals	–	(130)	(171)	–	–	(301)
Written off	–	(454)	(3)	–	–	(457)
At 31 December 2019/ 1 January 2020	8,919	163,326	13,690	1,152	–	187,087
Depreciation charge	1,592	13,504	1,808	262	–	17,166
Disposals	–	(9,325)	(143)	–	–	(9,468)
Written off	–	–	(5)	–	–	(5)
At 31 December 2020	10,511	167,505	15,350	1,414	–	194,780
Carrying amounts						
At 1 January 2019	58,988	133,129	7,055	861	–	200,033
At 31 December 2019/ 1 January 2020	58,121	123,753	5,523	557	–	187,954
At 31 December 2020	56,957	111,736	3,853	327	886	173,759

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

	2020 RM'000	Group 2019 RM'000
Carrying amounts of land and buildings		
At cost		
Land	16,348	16,348
Buildings	40,609	41,773
	56,957	58,121

Security

Certain property, plant and machinery of the Group with net book value of RM29,314,641 (2019: RM86,475,325) are charged to banks for banking facilities granted to the Group.

4. RIGHT-OF-USE ASSETS

Group	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
At 1 January 2019	1,791	322	384	2,497
Additions	–	1,120	157	1,277
Depreciation	(113)	(9)	(138)	(260)
At 31 December 2019/ 1 January 2020	1,678	1,433	403	3,514
Acquisition through business combination	–	–	59	59
Depreciation	(113)	(19)	(153)	(285)
Derecognition*	–	–	(34)	(34)
At 31 December 2020	1,565	1,414	275	3,254

* Derecognition of the right-of-use assets during 2020 is as a result of early termination of lease by a subsidiary.

The Group leases a piece of land, 2 shoplots, a number of forklifts and motor vehicles that run between 3 years and 76 years respectively.

4.1 Significant judgements and assumptions in relation to lease

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines 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)

5. INVESTMENT PROPERTIES

	2020 RM'000	Group 2019 RM'000
At cost		
At 1 January	–	–
Acquisition through business combination	378	–
At 31 December	378	–
Accumulated depreciation		
At 1 January	–	–
Depreciation charge	3	–
At 31 December	3	–
Carrying amounts		
At 31 December	375	–
Fair value		
At 31 December	381	–

Investment properties comprise a vacant leasehold building.

Fair value information

Fair value of investment properties is categories as follows:

	Level 3 2020 RM'000
Leasehold building	381

Level 3 fair value

The fair value is based of the Directors' best estimate. The following table shows the valuation techniques used in determination of fair values within Level 3, as well as the significant unobservable inputs in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property.	Price per square foot of comparable properties (2020: RM613 - RM822; 2019: NIL).	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. DEFERRED TAX ASSETS

Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment	(18,556)	(17,643)
Unabsorbed capital allowances	12,620	12,668
Unutilised reinvestment allowances	10,053	9,665
Others	410	(163)
	4,527	4,527

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2020	2019
	RM'000	RM'000
Unutilised reinvestment allowances	27,854	29,496

Pursuant to the Finance Act 2018, unutilised reinvestment allowances can only be carried forward up to 7 consecutive years of assessment. Both the recognised and unrecognised unutilised reinvestment allowances will expire in year 2025.

Deferred tax assets have not been recognised in respect of the above unutilised reinvestment allowances because the utilisation will be dependent on the availability of the Group's future taxable profits before the expiry of the unutilised reinvestment allowances.

Movement in temporary differences during the year

	At 1 January 2019 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31 December 2019/ 1 January 2020 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31 December 2020 RM'000
Group					
Property, plant and equipment	(17,310)	(333)	(17,643)	(913)	(18,556)
Unabsorbed capital allowances	7,092	5,576	12,668	(48)	12,620
Unutilised reinvestment allowances	13,943	(4,278)	9,665	388	10,053
Others	802	(965)	(163)	573	410
	4,527	-	4,527	-	4,527

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Cost of investment	134,538	132,960
Share options allocated to a subsidiary's employees	4,360	4,248
	138,898	137,208

Details of the subsidiaries are as follows:

Name of entity	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2020 %	2019 %
Tomypak Flexible Packaging Sdn. Bhd.	Manufacture and sale of packaging materials, polyethylene, polypropylene films and sheets	Malaysia	100	100
SP Plastic & Packaging Sdn. Bhd.#	Wholesale of plastic materials in primary forms	Malaysia	51	-

Not audited by KPMG PLT.

7.1 Non-controlling interests in a subsidiary

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

	2020
SP Plastic & Packaging Sdn. Bhd.	
NCI percentage of ownership interest and voting interest	49%
	RM'000
Carrying amount of NCI	609
Profit allocated to NCI	76

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.1 Non-controlling interests in a subsidiary (Cont'd)

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

	RM'000
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	1,365
Current assets	1,944
Non-current liabilities	(601)
Current liabilities	(1,465)
Net assets	1,243
Year ended 31 December	
Revenue	2,828
Profit for the year	156
Cash flows from operating activities	320
Cash flows from investing activities	168
Cash flows used in financing activities	(15)
Net increase cash and cash equivalents	473
Dividends paid to NCI	-

8. GOODWILL ON CONSOLIDATION

	Goodwill/ Total RM'000
Group	
At cost	
At 1 January 2020	-
Acquisition through business combination	1,025
At 31 December 2020	1,025
Carrying amounts	
At 1 January 2020	-
At 31 December 2020	1,025

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. GOODWILL ON CONSOLIDATION (CONT'D)

Goodwill

During the year, the Company acquired 51% equity interest of SP Plastic & Packaging Sdn. Bhd. for a total consideration of RM1,578,960 which was satisfied through a transfer of 2,205,500 treasury shares of the Company at an average market price of RM0.716.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The aggregate carrying amounts of goodwill are allocated as follows:

	Group 2020 RM'000
Sale of plastic materials in primary forms	1,025

The recoverable amount for the goodwill were based on its value in use, determined by discounting the future cash flows to be generated from the CGU and were based on the following key assumptions:

- i) Cash flows were projected based on 4-year business plan and an estimated terminal value with 5% growth rate.
- ii) Revenue were projected based on 4-year business plan with growth rate ranges from 13% to 20%.
- iii) Profit margins were based on historical performance and remain constant throughout the projected period.
- iv) A pre-tax discount rate of 11.5% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

Based on management assessment, the recoverable amount of the unit was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

Based on the sensitivity analysis, any reasonably possible change in the key assumptions applied is not likely to cause the carrying amount of goodwill to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
Raw materials	13,483	16,263
Work-in-progress	3,003	1,020
Finished goods	1,829	2,721
Consumables	2,139	2,175
	20,454	22,179
Recognised in profit or loss:		
- Inventories recognised as cost of sales	143,670	156,518
- Write-down to net realisable value	186	142

The write-down is included in cost of sales.

10. CONTRACT ASSETS

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed upon delivery and payment is expected within 60 to 120 days.

The contract assets balances at the beginning of the year were all billed during the year.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables	39,304	35,761	-	-
Other receivables, deposits and prepayments	1,521	2,329	2	1
Loan to a subsidiary	-	-	3,000	-
Due from a subsidiary - non-trade	-	-	899	113
	40,825	38,090	3,901	114

Loan to a subsidiary is subject to 3% (2019: NIL) per annum and repayable on demand. Non-trade amount due from a subsidiary is unsecured, interest free and repayable on demand.

Included in other receivables, deposits and prepayments is deposit/advance payments of RM322,801 (2019: RM616,834) for the acquisition of plant and machineries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2020 RM'000	2019 RM'000	2020 '000	2019 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 January	110,015	109,883	420,064	419,831
Shares issued pursuant to ESOS	4,988	104	10,489	233
Share option exercised	1,350	28	–	–
At 31 December	116,353	110,015	430,553	420,064

Reserves

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable				
Treasury shares	–	(1,077)	–	(1,077)
Share option reserve	814	2,244	814	2,244
Warrant reserve	16,967	16,967	16,967	16,967
Merger reserve	2,991	2,991	–	–
	20,772	21,125	17,781	18,134
Distributable				
Retained earnings	50,011	50,173	9,497	8,847
	70,783	71,298	27,278	26,981

Treasury shares

At the Annual General Meeting held on 19 August 2020, the shareholders of the Company renewed their approval for the Company to repurchase its own shares.

During the financial year, the Company repurchased from the open market a total of 478,200 of its issued ordinary shares with an average repurchase price of RM0.50. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

The Company subsequently transferred a total of 2,205,500 of its treasury shares at an average market price of RM0.716 as the purchase consideration for the acquisition of a subsidiary.

At 31 December 2020, there is NIL (2019: 1,727,300) repurchased shares being held as treasury shares. The number of outstanding shares issued after the set off is 430,552,770 (2019: 418,336,370).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. CAPITAL AND RESERVES (CONT'D)

Treasury shares (Cont'd)

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

Share option reserve

Share option reserve comprises cumulative value of employee services received for the issue of share options.

When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share option expires, the amount from the share option reserve is transferred to retained earnings. Share option programme is disclosed in Note 14.2.

Warrant reserve

On 5 July 2016, the Company completed a Rights Issue of 54,733,770 Rights Shares with Warrants on the basis of one (1) Rights Share for every two (2) existing shares held, together with Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 5 July 2016.

When the Warrant is exercised, the amount from the warrant reserve is transferred to share capital. When the Warrant expires, the amount from the Warrant is transferred to retained earnings.

As at year end, 136,834,425 Warrants remained unexercised.

13. LOANS AND BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
Non-current		
Secured		
Term loans	7,148	17,233
Current		
Secured		
Term loans	4,557	13,309
Revolving credit	15,436	14,446
	19,993	27,755
Unsecured		
Trust receipts	20,031	26,541
Banker's acceptances	6,430	2,027
	26,461	28,568
	46,454	56,323
	53,602	73,556

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. LOANS AND BORROWINGS (CONT'D)

Security

The loans and borrowings are secured by way of:

- i) Legal charges and specific debenture over certain property, plant and machineries of subsidiaries as disclosed in Note 3; and
- ii) Corporate guarantee by the Company.

Significant covenants

The loans and borrowings of a subsidiary are subject to the following financial covenants:

- i) Gearing ratio shall not exceed 1.4 times; and
- ii) A subsidiary's tangible net worth shall not be less than RM45 million.

14. EMPLOYEE BENEFITS

14.1 Retirement benefits

	2020 RM'000	Group 2019 RM'000
Defined benefit liability	548	554

The Group has a retirement benefit plan that pays a lump sum benefits for certain employees upon retirement. Under the scheme, eligible employees are entitled to retirement benefits of 25% of the last drawn salary for each completed year of service upon retirement age of 60.

Movement in defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability.

	2020 RM'000	Group 2019 RM'000
Balance at 1 January	554	609
Included in profit or loss		
Current service cost	42	73
Reversal of benefits	596 (48)	682 (128)
Balance at 31 December	548	554

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. EMPLOYEE BENEFITS (CONT'D)

14.2 Share-based payments arrangement

Share option programme (equity settled)

At an ESOS Committee Meeting held on 3 August 2016, the Company's shareholders approved the establishment of an Employees' Share Option Scheme (ESOS) of not more than 15% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group.

The terms and conditions relating to the grants of the new share option programme are as follows; all options are to be settled by physical delivery of shares:

Grant date/ Employees entitled	Number of options '000	Contractual life of options
Option granted to all employees on		
- 9 September 2016	4,037	5 years
- 6 January 2017	135	4.66 years
- 9 September 2017	5,130	4 years
- 28 January 2018	724	3.44 years
- 24 December 2018	5,910	2.54 years
- 15 January 2019	511	2.46 years
- 11 September 2019	6,684	2 years
- 9 March 2020	957	1.5 years

The number and weighted average exercise prices of the share options are as follows:

	2020		2019	
	Weighted average exercise price RM	Number of options '000	Weighted average exercise price RM	Number of options '000
Outstanding at 1 January	0.58	15,655	0.68	11,149
Granted during the year	0.42	957	0.44	7,195
Forfeited during the year	0.52	(1,417)	0.62	(2,456)
Exercised during the year	0.48	(10,489)	0.44	(233)
Outstanding at 31 December	0.81	4,706	0.58	15,655

The options outstanding at 31 December 2020 have an exercise price in the range of RM0.42 to RM0.91 (2019: RM0.43 to RM0.91) and a weighted average contractual life of 1 year (2019: 2 years).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. EMPLOYEE BENEFITS (CONT'D)

14.2 Share-based payments arrangement (Cont'd)

Share option programme (equity settled) (Cont'd)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured based on a binomial lattice model with the following inputs:

	2020 9 March 2020	← 2019 → 15 January 2019	11 September 2019
Fair value at grant date	RM0.117	RM0.166	RM0.117
Fair value of share options and assumptions			
Weighted average share price	RM0.420	RM0.605	RM0.430
Share price at grant date	RM0.455	RM0.675	RM0.475
Expected volatility (weighted average volatility)	35.64%	32.90%	41.20%
Option life (expected weighted average life)	1.33 years	1.65 years	1.24 years
Expected dividends	0.39%	0.39%	0.39%
Risk-free interest rate (based on Malaysian Government Securities)	2.65%	3.46%	3.03%

Value of employee services received for issue of share options

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total expense recognised as equity settled share-based transaction	112	866	–	–

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables	14,723	14,051	–	–
Other payables and accrued expenses	6,327	5,936	463	494
	21,050	19,987	463	494

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. TRADE AND OTHER PAYABLES (CONT'D)

Included in other payables and accrued expenses are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Plant and equipment payables	266	355	–	–
Sundry payables	2,362	2,445	8	49
Accruals and provisions	3,699	3,136	455	445
	6,327	5,936	463	494

16. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers				
- Over time	151,457	158,061	–	–
- At a point in time	2,828	–	–	–
Other revenue				
- Dividend income	–	–	1,000	1,500
	154,285	158,061	1,000	1,500

	Group	
	2020 RM'000	2019 RM'000
Disaggregation of revenue from contracts with customers		
- Local	53,758	70,338
- Export	100,527	87,723
	154,285	158,061

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. REVENUE (CONT'D)

16.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Made-to-order packaging products	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use criteria and the Group has rights to payment for work performed	Credit period of 60 to 120 days from invoice date
Trading of packaging products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises	Credit period of 30 to 60 days from invoice date

The Group applies the practical expedient for exemption on disclosure of information on remaining performance obligation that have original expected durations of one year or less.

The revenue from contract with customers of the Group are not subject to variable elements in the consideration and obligation for return or refunds.

17. FINANCE COSTS

	Group	
	2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	1,767	3,225
Interest expense on lease liabilities	15	19
	1,782	3,244
Bank charges	167	169
	1,949	3,413

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense				
- Current year	59	14	3	-
- Prior years	1	(2)	-	-
	60	12	3	-
Reconciliation of tax expense				
(Loss)/Profit before tax	(480)	(11,597)	199	420
Income tax calculated using Malaysian tax rate of 24%	(115)	(2,783)	48	101
Non-deductible expenses	747	505	195	259
Non-taxable income	(173)	-	(240)	(360)
Effect of unrecognised deferred tax assets	(400)	2,292	-	-
	59	14	3	-
Under/(Over) provision in prior years	1	(2)	-	-
Tax expense	60	12	3	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. (LOSS)/PROFIT FOR THE YEAR

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss)/Profit for the year is arrived at after charging/ (crediting)					
Auditors' remuneration:					
- Audit fees					
- KPMG PLT		160	150	45	40
- Other auditors		7	-	-	-
- Non-audit fee					
- Local affiliates of KPMG PLT		14	14	3	3
- KPMG PLT		35	81	35	81
Other receivables written off		-	34	-	-
Depreciation of:					
- Property, plant and equipment		17,166	17,919	-	-
- Investment properties		3	-	-	-
- Right-of-use assets		285	260	-	-
Expenses relating to short-term leases	a	79	64	-	-
Expenses relating to leases of low-value assets	a	50	38	-	-
Expenses relating to cancellable leases not included in the measurement of lease liabilities		-	38	-	-
Net foreign exchange differences		(342)	(1,639)	-	-
Personnel expenses (including key management personnel):					
- Contributions to state plans		1,223	1,223	-	-
- Expenses related:					
- Reversal of benefits		(48)	(128)	-	-
- Defined benefit plan					
- Current service cost		42	73	-	-
- Wages, salaries and others		15,985	17,159	-	-
- Equity settled share-based transactions		112	866	-	-
Investment in a subsidiary written off		-	4	-	218
Property, plant and equipment:					
- Written off		-	38	-	-
- (Gain)/Loss on disposal		(14)	41	-	-
Impairment loss/(Reversal of impairment loss) on trade receivables		482	(18)	-	-
Wages subsidy from government		(720)	-	-	-

Note a

The Group leases hostels and office equipment with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 December 2020 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Loss attributable to ordinary shareholders:

	2020	Group
	RM'000	2019
		RM'000
Loss for the year attributable to owners	(616)	(11,598)
Weighted average number of ordinary shares	422,764	418,912
	2020	Group
		2019
Basic loss per ordinary share (sen)	(0.15)	(2.77)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 December 2020 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2020	Group
	RM'000	2019
		RM'000
Loss for the year attributable to owners (diluted)	(616)	(11,598)
Weighted average number of ordinary shares (diluted):		
	2020	Group
	'000	2019
		'000
Weighted average number of ordinary shares (basic)	422,764	418,912
Effect of share options in issue	259	1,203
Effect of exercise of warrants	- *	- *
Weighted average number of ordinary shares (diluted) at 31 December	423,023	420,115
	2020	2019
Diluted loss per ordinary share (sen)	(0.15)	(2.76)

* The warrants are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. OPERATING SEGMENTS

The Group operates principally in Malaysia and manufacture and sale of packaging materials, polyethylene, polypropylene films and sheets. The Group's assets and liabilities are basically in Malaysia.

The Group's operation is divided into local and export market. The local market relates to sales to customers within Malaysia. The export market relates to sales to overseas customers with South East Asia being the principal market segment.

	2020	2019
	RM'000	RM'000
Revenue		
- Local	53,758	70,338
- Export	100,527	87,723
	154,285	158,061

Major customers

The following are two major customers (including companies under common control) with revenue equal or more than 10% of the Group's total revenue:

Segment

	Revenue	
	2020	2019
	RM'000	RM'000
All common control companies of:		
Customer A	48,133	44,991
Customer B	41,013	37,488
	89,146	82,479

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. ACQUISITION OF SUBSIDIARIES

On 30 July 2020, the Company completed its acquisition of 51% equity interest of SP Plastic & Packaging Sdn Bhd ("SPP") via a transfer of 2,205,500 unit of treasury shares of the Company at an average market price of RM0.716. The acquisition of SPP was undertaken as part of the Company's business expansion.

From the date of acquisition, SPP has contributed revenue of RM2,828,204 and net profit of RM156,105 to the Group.

The fair value of the assets and liabilities arising from the acquisition are as follows:

	Note	Group 2020 RM'000
Fair value of consideration transferred		
Treasury shares		1,578
<hr/>		
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	953
Right-of-use assets	4	59
Investment properties	5	378
Inventories		407
Trade and other receivables		771
Cash and cash equivalents		486
Trade and other payables		(1,455)
Loans and borrowings		(473)
Lease liabilities		(41)
<hr/>		
Total identifiable net assets		1,085
<hr/>		
Net cash from arising from acquisition:		
Cash and cash equivalents acquired		486
<hr/>		
Goodwill		
Goodwill was recognised as a result of the acquisition as follows:		
Total consideration transferred		1,578
Fair value of identifiable net assets		(553)
<hr/>		
Goodwill	8	1,025
<hr/>		

The goodwill is attributable mainly to the expected synergies to be achieved from integrating the company into the existing business of Tomypak Group. None of the goodwill is expected to be deductible for income tax purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. CONTINGENT LIABILITIES

	Company	
	2020 RM'000	2019 RM'000
Unsecured		
Corporate guarantees given to banks in respect of outstanding banking facilities of a subsidiary	52,920	73,556
Secured		
Property, plant and equipment charged to banks as security for banking facilities granted to subsidiaries	29,315	86,475

24. CAPITAL COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	840	2,095

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

All financial assets and liabilities are categorised as amortised cost in accordance with the Group's accounting policies as disclosed in Note 2 (c).

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	(827)	1,248	30	-
Financial liabilities at amortised cost	(1,045)	(2,816)	-	-
	(1,872)	(1,568)	30	-

25.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 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 receivable from customers. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to a subsidiary. There are no significant changes as compared to prior period.

Trade receivables and contract assets

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. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

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

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

The Group has significant concentrations of credit risk arising from amounts due from three (2019: three) major customers, representing 73% (2019: 62%) of the Group's trade receivables and contract assets.

Recognition and measurement of impairment loss

Management has taken reasonable steps to ensure that trade receivables are neither past due nor impaired are stated at their realisable values. A significant portion of these trade 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 trade receivables having significant balances past due more than respective credit term, which are deemed to have higher credit risk, are monitored individually.

The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk for trade receivables and contract assets as at the end of the reporting date which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Current (not past due)	40,767	–	40,767
1 - 30 days past due	5,707	–	5,707
31 - 60 days past due	1,278	–	1,278
61 - 90 days past due	242	–	242
	47,994	–	47,994
Credit impaired			
More than 90 days past due	139	–	139
Individually impaired	651	651	–
	48,784	651	48,133
Trade receivables	39,955	651	39,304
Contract assets	8,829	–	8,829
	48,784	651	48,133
2019			
Current (not past due)	39,341	–	39,341
1 - 30 days past due	4,743	–	4,743
31 - 60 days past due	1,185	–	1,185
61 - 90 days past due	157	–	157
	45,426	–	45,426
Credit impaired			
More than 90 days past due	370	–	370
Individually impaired	95	95	–
	45,891	95	45,796
Trade receivables	35,856	95	35,761
Contract assets	10,035	–	10,035
	45,891	95	45,796

NOTES TO THE FINANCIAL STATEMENTS
 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Credit impaired/Total	
	2020	2019
	RM'000	RM'000
Group		
Balance at 1 January	95	139
Acquisition through business combination	74	–
Amounts written off	–	(26)
Net remeasurement of loss allowance	482	(18)
Balance at 31 December	651	95

As at 31 December 2020, NIL (2019: RM25,286) of trade receivables were written off but they are still subject to enforcement activity.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

The Group and the Company monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and the Group and the Company do not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors the ability of the subsidiary to service its loans on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM52,919,640 (2019: RM73,556,826) representing the outstanding banking facilities of the subsidiary at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiary's loans and borrowings.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company does not recognise any allowance for impairment losses.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to a subsidiary. The loans and advances have no fixed term of repayment and are repayable on demand. The Company regularly monitors the financial results and cash flow position of the subsidiary.

Exposure to credit risk, credit quality and collateral

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

Loans provided are not secured by any collateral nor supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers amounts due from a subsidiary as having low credit risk. The Company considers that there is a significant increase in credit risk when the subsidiary's business performance and financial position deteriorates significantly. The Company considers the amounts to be in default when the subsidiary is not able to pay when demanded. The Company considers the amount due from a subsidiary to be credit impaired when:

- The subsidiary is unable to repay the amount demanded; and/or
- The subsidiary is continuously loss making and will have insufficient future cash flows to repay the amount due.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The exposure to credit risk in respect of a subsidiary as at the end of the reporting period is as follows.

	Gross carrying amount/ Net balance Company	
	2020 RM'000	2019 RM'000
Low credit risk	3,899	113

As at end of the reporting period, there was no indication that the amount due from a subsidiary are not recoverable.

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.5 Liquidity risk (Cont'd)

Maturity analysis

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

	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
2020							
Group							
<i>Non-derivative financial liabilities</i>							
Secured term loans	11,705	2.74 - 2.90	12,213	4,705	4,818	2,261	429
Unsecured trust receipts	20,031	0.94 - 1.81	20,031	20,031	-	-	-
Unsecured banker's acceptances	6,430	2.96 - 3.27	6,430	6,430	-	-	-
Secured revolving credit	15,436	1.77 - 2.20	15,436	15,436	-	-	-
Lease liabilities	262	4.30	272	168	104	-	-
Trade and other payables	21,050	-	21,050	21,050	-	-	-
	74,914		75,432	67,820	4,922	2,261	429
Company							
<i>Non-derivative financial liabilities</i>							
Other payables	463	-	463	463	-	-	-
Financial guarantee	-	-	52,920 *	52,920	-	-	-
	463		53,383	53,383	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments: (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
2019							
Group							
<i>Non-derivative financial liabilities</i>							
Secured term loans	30,542	2.74 - 4.30	32,218	14,454	9,050	8,714	-
Unsecured trust receipts	26,541	2.87 - 4.27	26,541	26,541	-	-	-
Unsecured banker's acceptances	2,027	4.21 - 4.38	2,027	2,027	-	-	-
Secured revolving credit	14,446	3.07 - 3.85	14,446	14,446	-	-	-
Lease liabilities	409	4.30	433	170	165	98	-
Trade and other payables	19,987	-	19,987	19,987	-	-	-
Dividends payable	51	-	51	51	-	-	-
	94,003		95,703	77,676	9,215	8,812	-
Company							
<i>Non-derivative financial liabilities</i>							
Other payables	494	-	494	494	-	-	-
Dividends payable	51	-	51	51	-	-	-
Financial guarantee	-	-	73,556 *	73,556	-	-	-
	545		74,101	74,101	-	-	-

* represents the amount outstanding as disclosed in Note 25.4.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 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 financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar ("USD"), Euro ("EUR") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	← Denominated in →		
	USD RM'000	EUR RM'000	SGD RM'000
2020			
Trade receivables	22,912	–	3,255
Other receivables	92	–	36
Cash and cash equivalents	3,528	–	9
Secured term loans	(11,023)	–	–
Secured revolving credit	(20,031)	–	–
Unsecured trust receipts	(15,436)	–	–
Trade payables	(871)	(157)	(237)
Other payables	(270)	–	(15)
	(21,099)	(157)	3,048
2019			
Trade receivables	14,766	–	4,556
Other receivables	93	–	4
Cash and cash equivalents	5,305	–	304
Secured term loans	(30,542)	–	–
Secured revolving credit	(14,446)	–	–
Unsecured trust receipts	(26,541)	–	–
Trade payables	(1,179)	–	(318)
Other payables	(225)	(118)	(4)
	(52,769)	(118)	4,542

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 Market risk (Cont'd)

Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2019: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2020 RM'000	2019 RM'000
USD	1,604	4,010
EUR	12	9
SGD	(232)	(345)

A 10% (2019: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's borrowings and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates.

Risk management objectives, policies and processes for managing the risk

There is no formal hedging policy with respect to interest rate exposure. Exposure to interest rate risk is monitored on an ongoing basis and the Group endeavours to keep the exposure at an acceptable level.

Exposure to interest rate risk

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial liabilities	(42,128)	(43,423)	–	–
Financial assets	–	–	3,000	–
Floating rate instruments				
Financial liabilities	(11,708)	(30,542)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(a) *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 hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss of the Group by RM89,000 (2019: RM232,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the floating rate term loans approximates their fair values as the interest rate is expected to correspond to the movements in the market interest rate.

26. CAPITAL MANAGEMENT

The Group's capital is represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an ongoing basis.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

During 2020, the Group's strategy was to maintain the debt-to-equity ratio at below 1.40 (2019: 1.00) times. The debt-to-equity ratio at 31 December 2020 and at 31 December 2019 were as follows:

	Group	
	2020 RM'000	2019 RM'000
Total borrowings (Note 13)	53,602	73,556
Lease liabilities	262	409
Less: Cash and cash equivalents	(10,244)	(9,563)
	43,620	64,402
Total equity	187,745	181,313
Debt-to-equity-ratio	0.23	0.36

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. CAPITAL MANAGEMENT (CONT'D)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

27. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 11.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
A. Subsidiary				
Dividend receivable	–	–	1,000	1,500
B. Key management personnel compensation				
Directors:				
- Fees	405	405	405	405
- Remuneration	972	1,033	27	13
- Contributions to state plans	114	123	–	–
Total short-term employee benefits	1,491	1,561	432	418

The estimated monetary value of Directors' benefit-in-kind for the Company is NIL (2019: RM80,733).

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 62 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

Yong Kwet On
Director

Tan See Yin
Director

Date: 25 May 2021

STATUTORY DECLARATION

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

I, **Chin Ching Yin**, the officer primarily responsible for the financial management of TOMYPAK HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 62 to 121 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 above named Chin Ching Yin, NRIC: 800624-01-5274, MIA CA 42891, at Johor Bahru in the State of Johor on 25 May 2021

Chin Ching Yin

Before me:
Lau Lay Sung
Commissioner for Oaths
J-246

INDEPENDENT AUDITORS' REPORT

To the members of Tomypak Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tomypak Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 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 62 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, 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 (CONT'D)

Key Audit Matters (Cont'd)

Assessment on recognition of deferred tax assets	
Refer to Note 1(d) - Basis of preparation - use of estimates and judgements, Note 2(l) - Significant accounting policy: Income tax and Note 6 - Deferred tax assets.	
The key audit matter	How the matter was addressed in our audit
<p>The Group has recognised deferred tax assets of RM4.527 million as of 31 December 2020, which mainly relates to unutilised reinvestment allowances.</p> <p>The recognition of deferred tax assets involves the Directors exercising judgement and making estimates about forecasts of future taxable profits including expectations for future sales as well as contribution margin.</p> <p>The unutilised reinvestment allowances will expire in year 2025 under the current tax legislation.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • Evaluated historical forecasting accuracy by comparing the prior year's projected profits to actual results reported. • Evaluated the key assumptions adopted, in particular, those relating to sales growth and contribution margin, to determine reasonableness by comparing them with historical performance, and internal and external sources of information. • Determined that the Group recognised the carrying amount of deferred tax asset to the extent that it becomes probable that sufficient taxable profits would be available to utilise the reinvestment allowances before they expire.

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 (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 (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 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 (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 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 subsidiary of which we have not acted as auditors is disclosed in Note 7 to the financial statements.

OTHER MATTER

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

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

Chan Yen Ing
Approval Number: 03174/04/2023 J
Chartered Accountant

Johor Bahru

Date: 25 May 2021

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2021

Total number of issued shares	:	430,571,470
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	4,560

DISTIBUTION OF SHAREHOLDINGS

Range of Shares	No. of Holders	Percentage (%)	No. of Shares	Percentage (%)
1 to 99	136	2.98	5,308	0.00
100 to 1,000	345	7.56	211,894	0.05
1,001 to 10,000	1,927	42.26	11,009,312	2.56
10,001 to 100,000	1,865	40.90	59,160,692	13.74
100,001 to 21,528,573 (*)	283	6.21	184,378,752	42.82
21,528,574 and above (**)	4	0.09	175,805,512	40.83
Total	4,560	100.00	430,571,470	100.00

Remarks: * Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2021

No.	Name of Substantial Shareholders	Interest in Shares		*Percentage (%)
		Direct	Deemed	Total
1	New Orient Resources Sdn. Bhd.	99,634,752	–	23.14
2	Yong Kwet On	1,117,087	99,634,752 ^(a)	23.40
3	Lim Hun Swee	89,284,212	–	20.74
4	Tun Arshad Bin Ayub	14,364,837	21,831,300 ^(b)	8.41
5	Zalaraz Sdn. Bhd.	21,831,300	–	5.07

DIRECTORS' INTEREST IN SHARES AS AT 30 APRIL 2021

No.	Name of Directors	Interest in Shares		*Percentage (%)
		Direct	Deemed	Total
1.	Yong Kwet On	1,117,087	99,634,752 ^(a)	23.40
2.	Lim Hun Swee <i>(Resigned on 20 May 2021)</i>	89,284,212	–	20.74
3.	Tan See Yin	441,007	–	0.10
4.	Azmi Bin Arshad	70,000	–	0.02
5.	To' Puan Rozana Binti Tan Sri Redzuan	340,000	–	0.08
6.	Datuk Kamal Bin Khalid	–	–	–

Note:

(a) By virtue of his substantial shareholdings in New Orient Resources Sdn. Bhd.

(b) By virtue of his substantial shareholdings in Zalaraz Sd. Bhd.

* The percentage of shareholding is computed based on the total number of issued shares of 430,571,470 as at 30 April 2021

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF TOP 30 SHAREHOLDERS AS AT 30 APRIL 2021

No.	Name of shareholders	Number of shares	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NEW ORIENT RESOURCES SDN BHD</i>	64,690,000	15.02
2.	RHB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM HUN SWEE</i>	56,422,500	13.10
3.	LIM HUN SWEE	32,861,712	7.63
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ZALARAZ SDN BHD (MY3113)</i>	21,831,300	5.07
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NEW ORIENT RESOURCES SDN BHD</i>	21,494,500	4.99
6.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NEW ORIENT RESOURCES SDN. BHD. (MY3347)</i>	13,242,000	3.08
7.	CGS-CIMB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ABDUL AZIZ BIN MOHAMED HUSSAIN (MY0324)</i>	10,900,000	2.53
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ARSHAD BIN AYUB</i>	10,205,000	2.37
9.	CHEW HON CHOY	8,000,000	1.86
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW HON CHOY (SMART)</i>	7,122,200	1.65
11.	TAN BEE LAY	6,100,000	1.42
12.	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP</i>	4,500,000	1.05
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ARSHAD BIN AYUB (MY1393)</i>	4,159,837	0.97
14.	HLIB NOMINEES (TEMPATAN) SDN BHD <i>HONG LEONG BANK BHD FOR TEH SHIOU CHERNG</i>	2,870,000	0.67
15.	TAN AH PING	2,660,000	0.62
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM TIEN SZE (MY2447)</i>	2,200,000	0.51

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

LIST OF TOP 30 SHAREHOLDERS AS AT 30 APRIL 2021 (CONT'D)

No.	Name of shareholders	Number of shares	%
17.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAW SIEW LAN (MX2700)</i>	2,050,000	0.48
18.	EE CHONG PANG	2,048,100	0.48
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG (MY1989)</i>	2,000,000	0.46
20.	EE CHONG PANG	2,000,000	0.46
21.	KAN MUN HOOW	2,000,000	0.46
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG THIAN FOOK (MY2065)</i>	1,900,000	0.44
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG THIAN FOOK (7004124)</i>	1,700,000	0.40
24.	CHONG LEE FONG	1,400,000	0.33
25.	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	1,307,500	0.30
26.	EXPO HOLDINGS SDN BHD	1,283,600	0.30
27.	YIM YOKE YEE	1,265,000	0.29
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YONG KWET ON</i>	1,117,087	0.26
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH CHEN FOONG (MY1718)</i>	1,100,000	0.26
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SYED MOHD YUSOF BIN TUN SYED NASIR</i>	1,095,200	0.25
TOTAL		291,525,536	67.71

ANALYSIS OF WARRANT HOLDINGS

As at 30 April 2021

Total number of issued warrants	:	136,834,414
Exercise Price	:	RM0.93 per warrant
Issue Date	:	21 June 2016
Expiry Date	:	21 June 2021
No. of Shareholder	:	1,467

DISTRIBUTION OF WARRANT HOLDINGS AS AT 30 APRIL 2021

Range of Shares	No. of shareholders	Percentage (%)	No. of Warrants	Percentage (%)
1 to 99	113	7.70	4,478	#
100 to 1,000	97	6.61	39,620	0.03
1,001 to 10,000	387	26.38	2,281,600	1.67
10,001 to 100,000	650	44.31	27,698,016	20.24
100,001 to 6,841,720 (*)	219	14.93	99,610,700	72.80
6,841,721 and above (**)	1	0.07	7,200,000	5.26
Total	1,467	100.00	136,834,414	100.00

Remarks: * Less than 5% of issued warrants
** 5% and above of issued warrants

DIRECTORS' INTEREST IN WARRANTS AS AT 30 APRIL 2021

No.	Name of Substantial Shareholders	Interest in Warrants			*Percentage % Total
		Direct	Deemed	Note	
1.	Yong Kwet On	–	3,000,000	(a)	2.19
2.	Lim Hun Swee	50	–	–	#
3.	Tan See Yin	–	–	–	–
4.	To' Puan Rozana Binti Tan Sri Redzuan	–	–	–	–
5.	Azmi Bin Arshad	–	–	–	–
6.	Datuk Kamal bin Khalid	–	–	–	–

Note:

- (a) By virtue of his substantial shareholdings in New Orient Resources Sdn. Bhd.
* The percentage of warrant holdings is computed based on the total number of issued warrants of 136,834,414 as at 30 April 2021
Negligible

ANALYSIS OF WARRANT HOLDINGS (CONT'D)

LIST OF TOP 30 WARRANT HOLDERS AS AT 30 APRIL 2021

No.	Name of warrant holders	Number of warrants held	%
1.	LOH CHEN YOOK	7,200,000	5.26
2.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEH SHIOU CHERNG (J D B TUNGGAL BR-CL)</i>	4,500,000	3.29
3.	HLIB NOMINEES (TEMPATAN) SDN BHD <i>HONG LEONG BANK BHD FOR TEH SHIOU CHERNG</i>	4,100,000	3.00
4.	TAN BEE LAY	4,100,000	3.00
5.	LIM TIEN SZE	3,201,200	2.34
6.	CHEW HON CHOY	3,000,000	2.19
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NEW ORIENT RESOURCES SDN BHD</i>	3,000,000	2.19
8.	SIM LI WEN	2,497,000	1.83
9.	ZALARAZ SDN BHD	2,147,000	1.57
10.	ROHAZIFAH BINTI SAMSUDIN	2,100,000	1.54
11.	AH SEH A/L EWAN	2,057,600	1.50
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEW WENG KIT (6000304)</i>	1,545,000	1.13
13.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR HOOI HOE BEE (HOO0030C)</i>	1,533,400	1.12
14.	HWAN SEO CHAU	1,363,000	1.00
15.	ABD RAHIM BIN ABD RAHMAN	1,340,000	0.98
16.	LEONG CHIAT LEE	1,300,000	0.95
17.	MOHD HAZWAN BIN ABDULLAH	1,235,600	0.90
18.	SUBRAMANIAN A/L SUNDARAM	1,200,000	0.88
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>TING SIU HUI</i>	1,190,000	0.87
20.	CHIN KEAN PING	1,134,500	0.83
21.	LIM LEE TING	1,100,000	0.80

ANALYSIS OF WARRANT HOLDINGS (CONT'D)

LIST OF TOP 30 WARRANT HOLDERS AS AT 30 APRIL 2021 (CONT'D)

No.	Name of warrant holders	Number of warrants held	%
22.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD</i>	1,042,550	0.76
23.	HARMIZE BIN AHMAD	1,000,000	0.73
24.	LEE FOON YEN	1,000,000	0.73
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHUA PING TEOW (6000654)</i>	900,000	0.66
26.	MUHAMAD HAFETZ BIN MOHMED AMIN	900,000	0.66
27.	CHIA GUAN SENG	899,800	0.66
28.	AHMAD ZAFIR BIN ABDUL SHUKRI	877,600	0.64
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR LEW SOW KAN</i>	700,000	0.51
30.	MOHD FAIZ BIN ZAINAL ABIDIN	700,000	0.51
TOTAL		58,864,250	43.03

SHARE BUY-BACK STATEMENT

In relation to the Proposed Renewal of Shareholders' approval for Share Buy-Back by the Company up to ten percent (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back")

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Share Buy-Back Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Share Buy-Back Statement.

2. INTRODUCTION

Tomypak Holdings Berhad ("Tomypak" or "the Company") had on 28 April 2021 announced that the Company proposes to seek shareholders' approval for the proposed renewal of shareholders' approval for share buy-back by the Company up to ten percent (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back") at its forthcoming Twenty Sixth Annual General Meeting ("26th AGM") to be convened.

The purpose of this Statement is to provide you with information on the Proposed Share Buy-Back, to set out the recommendation of your Board of Directors ("Board") and to seek your approval for the resolution pertaining to the renewal of shareholders' approval for the Proposed Share Buy-Back to be tabled at the forthcoming 26th AGM of the Company to be convened virtually on meeting platform <https://tjih.online> on Tuesday, 22th June 2021 at 11.00 a.m., notice of which is set out on pages 144 to 148 of the Annual Report of the Company.

3. DETAILS OF THE PROPOSED SHARE BUY-BACK

At the Twenty Fifth Annual General Meeting of the Company held on 19 August 2020, the Company obtained its shareholders' approval for the Company to purchase and/or hold up to ten percent (10%) of the total number of issued shares of the Company.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") governing the purchase of own shares by a listed company, the aforesaid approval obtained at the Company's AGM held on 19 August 2020 will expire at the conclusion of the forthcoming 26th AGM of the Company which will be held on 22 June 2021 unless the mandate is renewed.

The Board proposes to seek approval from the shareholders for a renewal of shareholders' approval for the Proposed Share Buy-Back. As at 30 April 2021, the share capital of Tomypak was RM115,373,659.36 comprising 430,571,470 ordinary shares ("Tomypak Shares").

There was no purchase of its own shares for the previous twelve (12) months preceding the date of this Statement and a total of 2,205,500 treasury shares were transferred to SP Plastic & Packaging Sdn Bhd on 30 July 2020 as a purchase consideration of 51% equity interest acquisition. There is no treasury shares held by the Company as at 30 April 2021.

Information on the shares purchased and resold by the Company during the financial year ended 31 December 2020 is set out in page 37 of the Annual Report 2020.

As at 30 April 2021, the total number of issued shares of the Company was 430,571,470 ordinary shares. The maximum number of Tomypak shares which may be purchased by the Company pursuant to the Proposed Share Buy-Back will be ten percent (10%) of the prevailing number of issued shares of the Company.

SHARE BUY-BACK STATEMENT (CONT'D)

3. DETAILS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

The renewal of shareholders' approval for the Proposed Share Buy-Back shall be effective upon the passing of the resolution at the forthcoming 26th AGM of Tomypak until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the shareholders' approval is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES

The Proposed Share Buy-Back is expected to potentially benefit the Company and its shareholders as follows:

- (i) The Company may be able to stabilise the supply and demand of Tomypak Shares in the open market thereby supporting their fundamental value;
- (ii) The Proposed Share Buy-Back provides Tomypak the option to return its surplus financial resources to the shareholders of Tomypak by enhancing the return-on-equity of Tomypak Shares via the purchase of Tomypak Shares in the market;
- (iii) The Proposed Share Buy-Back may enhance the earnings per share of the Company (in the case where the Board resolves to cancel the shares so purchased) and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company; and
- (iv) If the shares bought back are kept as treasury shares, it will give the Board an option to sell the shares so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively, the shares so purchased can be distributed as share dividends to shareholders.

However, the Proposed Share Buy-Back, if exercised, will reduce the financial resources of the Company, which may result in the Company foregoing other investment opportunities that may emerge in the future and may also reduce the amount of cash dividends that can be declared to shareholders. In the event that the Proposed Share Buy-Back is funded by bank borrowings, the Company's net cash flow may decline to the extent of the interest costs associated with such borrowings. Nevertheless, the Board will be mindful of the interests of the Company and the shareholders in implementing the Proposed Share Buy-Back.

5. SOURCE OF FUNDS AND TREATMENT

5.1 Source of Funds

The Company proposes to utilise internally generated funds to finance the Proposed Share Buy-Back. The Board proposes to allocate a maximum amount of up to the latest audited retained profits of the Company for the purchase of its own shares subject to compliance with Section 127 of the Companies Act 2016 ("the Act") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. As at 31 December 2020, the Company's audited retained profit amounted to RM9.52 million. Based on the latest unaudited management accounts as at 30 April 2021, the retained profit of the Company amounted to approximately RM9.39 million. The Company shall ensure that the maximum funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of the retained profits of the Company.

SHARE BUY-BACK STATEMENT (CONT'D)

5. SOURCE OF FUNDS AND TREATMENT (CONT'D)

5.1 Source of Funds (Cont'd)

The Proposed Share Buy-Back will allow the Board to purchase and hold the Company's shares at any time within the period of validity as mentioned in Item 3 above using internally generated funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the actual number of shares to be purchased, the price of the shares and availability of funds at the time of the purchase(s). In the event that the Proposed Share Buy-Back is to be financed by external borrowings, the Board shall ensure that the Company will have sufficient funds to repay the external borrowings and that such repayment will have no material effect on its cash flow.

5.2 Treatment of Shares Buy-Back

Section 127 the Act allows the treatment of purchased shares to be cancelled upon purchase, held as treasury shares or combination of both. Purchased shares held as treasury shares may be distributed as share dividends, resold on Bursa Securities in accordance with the relevant rules of Bursa Securities or subsequently cancelled. That authority be and is hereby given to the Directors of the Company to deal with such treasury shares in any such manner as prescribed in Section 127(7) of the Companies Act 2016.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

An immediate announcement will be made to Bursa Securities in respect of the intention of our Directors to either retain the purchased shares or cancel them or a combination of both following any transactions executed pursuant to the approval granted under the Proposed Share Buy-Back.

5.3 Pricing

Tomypak may only purchase its own shares at a price which is not more than fifteen percent (15%) above the weighted average market price ("WAMP") of Tomypak Shares for the past five (5) market days immediately preceding the date of the purchase(s).

The treasury shares arising from the share buy-back shall be resold or transferred pursuant to Section 127(7), if so determined by the Board, at a price that is:-

- (a) not less than the WAMP of Tomypak Shares for the past five (5) market days immediately preceding the date of the resale or transfer; or
- (b) at a discount of not more than five percent (5%) to the five (5) market days WAMP of Tomypak Shares immediately prior to the resale or transfer, provided that: -
 - (i) the resale or transfer take place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

SHARE BUY-BACK STATEMENT (CONT'D)

5. SOURCE OF FUNDS AND TREATMENT (CONT'D)

5.4 Historical Share Price

The monthly highest and lowest prices of Tomypak Shares as traded on Bursa Securities for the preceding twelve (12) months from May 2020 to Apr 2021 are as follows:-

Month	Share Price	
	High (RM)	Low (RM)
2020		
May	0.45	0.39
June	0.53	0.45
July	0.73	0.47
August	0.84	0.73
September	0.84	0.70
October	0.93	0.72
November	0.89	0.75
December	0.77	0.71
2021		
January	0.79	0.71
February	0.75	0.59
March	0.65	0.56
April	0.64	0.57

(Source: Investing.com)

The last transacted price of the Shares on 25 May 2021, being latest practical date prior to the printing of this Statement is RM0.56.

SHARE BUY-BACK STATEMENT
(CONT'D)

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK

Assuming the Proposed Share Buy-Back is implemented in full, the effects of the Proposed Share Buy-Back on the share capital, earnings, net assets ("NA"), working capital, gearing and shareholding structure of the Directors and substantial shareholders are set out below:

6.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company as at 30 April 2021 is as follows:-

Description	Minimum Scenario(1) No. of Tomypak Shares(2)
Total number of issued shares as at 30 April 2021	430,571,470
Less maximum number of shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back (10%)	(43,057,147)
Resultant number of issued shares upon completion of the cancellation of the maximum number of Purchased Shares	387,514,323

Description	Maximum Scenario(3) No. of Tomypak Shares(2)
Total number of issued shares as at 30 April 2021 To be issued upon the completion of the following	430,571,470
(i) full exercise of warrants	136,834,414
(ii) full exercise of Employees' Share Option Scheme (15% of the total number of issued shares)	85,110,884
Enlarged number of issued shares	652,516,768
Less maximum number of shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back (10%)	(65,251,677)
Resultant number of issued shares upon completion of (i) and (ii) above and cancellation of the maximum number of Purchased Shares	587,265,091

Note:

- (1) Minimum scenario assumes that (i) and (ii) above were not exercised prior to the Proposed Share Buy-Back.
- (2) The total number of issued shares of the Company is inclusive of the treasury shares, if any held by the Company. As at 30 April 2021, there is no treasury shares held by the Company.
- (3) Maximum scenario assumes that (i) and (ii) above were implemented prior to the Proposed Share Buy-Back.

However, the Proposed Share Buy-Back will have no effect on the total number of issued shares if all the Tomypak Shares purchased are to be retained as treasury shares, resold or distributed to our shareholders.

SHARE BUY-BACK STATEMENT (CONT'D)

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK

6.2 Earnings

The effect of the Proposed Share Buy-Back on the earnings per share of the Group will depend on the purchase prices of Tomypak Shares and any loss in interest income to the Company.

If the Tomypak Shares purchased are held as treasury shares or cancelled, the lower number of Tomypak Shares used in the computation of the earnings per share is expected to result in a general increase in the earnings per share ("EPS") of the Group. In the event the Tomypak Shares purchased are resold subsequently depending on the price at which the said shares are resold, the Proposed Share Buy-Back may have a positive effect on the EPS of the Group if there is a gain in the disposal and vice versa.

6.3 NA

The Proposed Share Buy-Back is likely to reduce the NA per share of the Group if the purchase price exceeds the NA per share of the Group at the time of purchase and vice versa.

In the event the Treasury Shares are resold on Bursa Securities, the NA per share of the Group will increase assuming that a gain has been realized and vice versa. Again, the quantum of the increase in NA will depend on, inter alia, the number of purchased shares, the purchase price of such shares, the effective funding cost to the Group to finance the purchased shares or any loss in interest income to the Group and the proposed treatment of the purchased shares.

6.4 Working capital

The Proposed Share Buy-Back would reduce the working capital and cash flow of the Group, the quantum of which will depend on the purchase prices of Tomypak Shares and the number of Tomypak Shares purchased.

For purchased shares which are kept as treasury shares, upon their resale, the working capital and cash flow of the Group will increase upon receipt of the proceeds of the resale. The quantum of such increase will depend on the actual selling price(s) and the number of the treasury shares resold.

6.5 Gearing

The effect of the Proposed Share Buy-Back in the gearing of the Company will depend on the proportion of borrowings utilised to fund any purchase of Tomypak Shares. The utilisation of any borrowings to fund the purchase of any Tomypak Shares will serve to increase the gearing of the Company.

SHARE BUY-BACK STATEMENT
(CONT'D)

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

6.6 Directors' and Substantial Shareholders' Shareholdings

The proforma effects of the Proposed Share Buy-Back on the shareholdings of the Directors and the substantial shareholders of Tomypak, based on the Register of Directors' Shareholdings and Register of Substantial Shareholders' shareholdings of the Company as at 30 April 2021 assuming Tomypak Shares are purchased from shareholders other than the Directors and/or substantial shareholders of the Company, are set out below:-

Directors / Substantial Shareholders	Shares held as at 30 April 2021 ⁽¹⁾				After full exercise of Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yong Kwet On	1,117,087	0.26	99,634,752 ⁽³⁾	23.14	1,117,087	0.29	99,634,752 ⁽³⁾	25.71
Lim Hun Swee	89,284,212	20.74	-	-	89,284,212	23.04	-	-
Tan See Yin	441,007	0.10	-	-	441,007	0.11	-	-
Datuk Kamal Bin Khalid	-	-	-	-	-	-	-	-
To' Puan Rozana Binti Tan Sri Redzuan	340,000	0.08	-	-	340,000	0.09	-	-
Azmi Bin Arshad	70,000	0.02	-	-	70,000	0.02	-	-
Tun Arshad Bin Ayub	14,364,837	3.34	21,831,300 ⁽⁴⁾	5.07	14,364,837	3.71	21,831,300 ⁽⁴⁾	5.63
New Orient Resources Sdn. Bhd.	99,634,752	23.14	-	-	99,634,752	25.71	-	-
Zalaraz Sdn. Bhd.	21,831,300	5.07	-	-	21,831,300	5.63	-	-

Notes:-

- (1) The percentage shareholding is calculated based on 430,571,470
- (2) The percentage shareholding is calculated based on 387,514,323
- (3) Deemed interested by virtue of his substantial shareholding in New Orient Resources Sdn. Bhd.
- (4) Deemed interested by virtue of his substantial shareholding in Zalaraz Sdn. Bhd.

SHARE BUY-BACK STATEMENT (CONT'D)

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

6.6 Directors' and Substantial Shareholders' Shareholdings (Cont'd)

The proforma effects assuming full exercise of warrants and Employees' Share Option Scheme ("ESOS") and implementation of the Proposed Share Buy-Back on the shareholdings of the Directors and the substantial shareholders of Tomypak, based on the Register of Directors' Shareholdings and Register of Substantial Shareholders' shareholdings of the Company as at 30 April 2021 assuming Tomypak Shares are purchased from shareholders other than the Directors and/or substantial shareholders of the Company, are set out below:-

Directors / Substantial Shareholders	Shares held as at 30 April 2021				Assuming full exercise of warrants and ESOS (i) ⁽¹⁾				After (i) and full exercise of Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of Shares	%	No. of Shares	%	No of Shares	%	No. of Shares	%	No of Shares	%	No. of Shares	%
Yong Kwet On	1,117,087	0.26	99,634,752 ⁽³⁾	23.14	1,117,087	0.17	99,634,752 ⁽³⁾	15.27	1,117,087	0.19	99,634,752 ⁽³⁾	16.97
Lim Hun Swee	89,284,212	20.74	-	-	89,284,212	13.68	-	-	89,284,212	15.20	-	-
Tan See Yin	441,007	0.10	-	-	441,007	0.07	-	-	441,007	0.08	-	-
Datuk Kamal Bin Khalid	-	-	-	-	-	-	-	-	-	-	-	-
To' Puan Rozana Binti Tan Sri Redzuan	340,000	0.08	-	-	340,000	0.05	-	-	340,000	0.06	-	-
Azmi Bin Arshad	70,000	0.02	-	-	70,000	0.02	-	-	70,000	0.02	-	-
Tun Arshad Bin Ayub	14,364,837	3.34	21,831,300 ⁽⁴⁾	5.07	14,364,837	2.20	21,831,300 ⁽⁴⁾	3.35	14,364,837	2.45	21,831,300 ⁽⁴⁾	3.72
New Orient Resources Sdn. Bhd.	99,634,752	23.14	-	-	99,634,752	15.27	-	-	99,634,752	16.97	-	-
Zalaraz Sdn. Bhd.	21,831,300	5.07	-	-	21,831,300	3.35	-	-	21,831,300	3.72	-	-

Notes:-

- (1) The percentage shareholding is calculated based on 652,516,768
- (2) The percentage shareholding is calculated based on 587,265,091
- (3) Deemed interested by virtue of his substantial shareholding in New Orient Resources Sdn. Bhd.
- (4) Deemed interested by virtue of his substantial shareholding in Zalaraz Sdn. Bhd.

SHARE BUY-BACK STATEMENT (CONT'D)

7. PUBLIC SHAREHOLDING SPREAD

As at 30 April 2021, the public shareholding spread of the Company is approximately 47.26%. Assuming that the Company purchases up to a maximum of 43,057,147 Tomypak Shares from the public shareholders, representing approximately ten percent (10%) of the total number of issued shares as at 30 April 2021, and that the Tomypak Shares purchased are either retained as treasury shares or cancelled, the public shareholding spread is expected to be reduced to approximately 41.40%.

The Board is mindful of the requirement that any purchase of Tomypak Shares by the Company must not result in the public shareholding spread of the Company falling below 25% of its listed shares

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the Directors and substantial shareholders of Tomypak as a consequence of the Proposed Share Buy-Back, none of the Directors and substantial shareholders of Tomypak or persons connected to them, have any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of treasury shares.

9. DIRECTORS' OPINION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that it is in the best interest of the Company and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the renewal of shareholders' approval for the Proposed Share Buy-Back at the forthcoming 26th AGM.

10. IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 (THE "CODE")

The Board is mindful of any potential implications relating to the Code and does not intend to undertake the Proposed Share Buy-back such that it will cause any party to trigger any obligation to undertake a Mandatory Offer pursuant to the Code. However, in the event an obligation to undertake a Mandatory Offer is expected to arise with respect to any parties resulting from the Proposed Share Buy-Back, which is an action outside its direct participation, the relevant parties shall make the necessary application to the Securities Commission for an exemption from undertaking the Mandatory Offer under the Code prior to any buy-back of the Shares.

11. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of the Company, who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any information, data or statement herein misleading.

12. FURTHER INFORMATION

Shareholders are advised to refer to page 37 of Tomypak Holdings Berhad's Annual Report 2020 for further information to the purchases made by the Company of its own shares in the last financial year.

SHARE BUY-BACK STATEMENT (CONT'D)

13. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Company's Registered Office situated at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor during normal business hours from Monday to Friday (except for public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) The Constitution of the Company; and
- (ii) The audited consolidated financial statements of the Company for the past two financial years ended 31 December 2019 and 31 December 2020.

This Statement is dated 28 May 2021.

PARTICULARS OF PROPERTIES

The details of the landed property of the Group as at 31 December 2020 are as follows:

Registered Owner/ Location	Description/ Existing Use	Land/ Built-up Area (‘000 sq.ft)	Tenure Age of building	Net Book Value RM’000	Date of Last Revaluation
Tomypak Flexible Packaging Sdn Bhd/ PTD 109476 Jalan Cyber 4, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim	Industrial Land/ Factory building	456.84/ 351.30	Freehold land	51,532	–
Tomypak Flexible Packaging Sdn Bhd/ 11, Jalan Tahana, Kawasan Perindustrian Tampoi, 80350 Johor Bahru, Johor Darul Ta’zim	Industrial Land/ Factory building	174.24/ 150.89	Leasehold land expiring on 30.09.2034	4,226	15.11.1994
Tomypak Flexible Packaging Sdn Bhd/ Unit 736, Block A, Kelana Centre Point, No.3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan	Leasehold Building/ Sales & Marketing Office	1.195	Leasehold building expiring on 23.01.2094	314	–
Tomypak Flexible Packaging Sdn Bhd/ Unit 508 & 510, Block A, Kelana Centre Point, No.3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan	Leasehold Building/ Sales & Marketing Office	3.229	Leasehold building expiring on 23.01.2094	1,100	–
SP Plastic & Packaging Sdn Bhd/ Lot 1293 & Lot 1294, Jalan Industri Rembia 9, Kawasan Perindustrian Rembia, 78000 Alor Gajah, Malacca	Industrial Land/ Factory building	6.00/4.80	Freehold land	886	–
SP Plastic & Packaging Sdn Bhd/ Block B-32-07, Silverscape Hatten City, 75000 Melaka Raya, Malacca	Residential	0.515	Leasehold building expiring on 19.06.2110	375	–

NOTICE OF 26TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Sixth Annual General Meeting (“26th AGM”) of the Company will be conducted virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform	:	https://tiih.online
Day and Date	:	Tuesday, 22nd June 2021
Time	:	11.00 a.m.
Broadcast Venue	:	Tricor Business Centre, Manuka 7 Meeting Room Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan
Mode of Communication	:	1) Typed text in the Meeting Platform 2) Submit questions via https://tiih.online/ prior to the Meeting

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2020 together with the Reports of the Directors’ and Auditors’ thereon. **(Please refer to Note No. 1)**
2. To approve the payment of Directors’ fees of RM405,000 for the financial year ended 31 December 2020. **(Resolution 1)**
3. To approve the payment of Directors’ benefits to the Directors of the Company and its subsidiaries up to an amount of RM120,000 for the period from 23rd June 2021 until the next Annual General Meeting of the Company to be held in 2022. **(Resolution 2)**
4. To re-elect Mr Tan See Yin who retires in accordance with the Company’s Constitution. **(Resolution 3)**
5. To re-elect Datuk Kamal Bin Khalid who retires in accordance with the Company’s Constitution. **(Resolution 4)**
6. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31st December 2021 and to authorise the Board of Directors to determine their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification(s), the following resolutions as Ordinary Resolutions:

7. **ORDINARY RESOLUTION**
 - **PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016**

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to approval of the relevant regulatory bodies, the Directors be and are hereby authorised to issue and allot shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares so issued does not exceed 10% of the issued capital of the Company for the time being and the Directors be and are also empowered to obtain the approval of the Bursa Malaysia for listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

(Resolution 6)

NOTICE OF 26TH ANNUAL GENERAL MEETING
(CONT'D)

8. **ORDINARY RESOLUTION**

• **PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK**

“THAT, subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act 2016, the provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company be and is hereby authorised to the fullest extent permitted by law, to buy-back and/or hold from time to time and at anytime such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company (“Proposed Share Buy-Back”) provided that:

- (a) the maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;
- (b) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of retained profits of the Company based on its latest audited financial statements and/or the latest management accounts (where applicable) available up to the date of a transaction pursuant to the Proposed Share Buy-Back;

THAT the shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with in all or any of the following manner (as selected by the Company):

- (i) the shares so purchased may be cancelled; and/or
- (ii) the shares so purchased may be retained as treasury shares in accordance with the relevant rules of Bursa Securities for distribution as dividend to the shareholders and/or resell through Bursa Securities and/or subsequently cancelled; and/or
- (iii) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled;

THAT authority be and is hereby given to the Directors of the Company to deal with such manner as prescribed in Section 127(7) of the Companies Act 2016;

THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act 2016, the provisions of the Company's Constitution and the requirements of the Bursa Securities and all other relevant governmental/regulatory authorities.”

(Resolution 7)

NOTICE OF 26TH ANNUAL GENERAL MEETING (CONT'D)

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

BY ORDER OF THE BOARD

LEONG SIEW FOONG (f) (MAICSA 7007572)
SANTHI A/P SAMINATHAN (MAICSA 7069709)
Secretaries

Johor Bahru

28 May 2021

Notes:

1. *In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the 26th AGM will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") provided by the Poll Administrator, Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>. Please follow the procedures as set out in the Administrative Notes for the 26th AGM in order to register, participate and vote remotely via RPV.*
2. *The Broadcast Venue of the 26th AGM is strictly for the purpose for complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxy(ies)** from the public shall be physically present at the Broadcast Venue.*
3. *A proxy must be of full age. A proxy may but need not be a member of the Company.*
4. *A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
5. *Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
6. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting must follow the procedures as set out in the Administrative Notes for the 26th AGM to request for Remote Participation.*
7. *If the appointor is a corporation, the Form of Proxy must be executed under its Seal or under the hand of its attorney.*
8. *T8. The instrument appointing a proxy must be deposited with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by sending it through the post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can be submitted electronically via TIIH Online website at <https://tiih.online> not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Please follow the procedures as set out in the Administrative Notes for the electronic lodgement of proxy form.*

NOTICE OF 26TH ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
10. Last date and time for lodging the proxy form is Sunday, 20th June 2021 at 11.00 a.m.
11. In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf via RPV.
12. Explanatory Notes:

Agenda 1

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

Resolution 1 to 2:

Section 230(1) of the Companies Act 2016 provides amongst other, that the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for payment of Directors' fees for RM405,000 and other benefits payable up to RM120,000 for the period from 23rd June 2021 until the next AGM to be held in year 2022.

In determining the total amount of Directors' Fees and the estimated Benefits payable for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees of the Company as well as the number of Directors involved in these meetings based on the current number of Directors.

Resolution 3 and 4:

Clause 103 of the Company's Constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election. Whereas Clause 110 of the Company's Constitution provides that any Director so appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Pursuant to Clause 103 of the Company's Constitution, Mr Tan See Yin is standing for re-election at this AGM. The profile of Mr Tan See Yin is provided on page 12 of the Board of Directors' Profile in the Annual Report 2020.

Pursuant to Clause 110 of the Company's Constitution, Datuk Kamal Bin Khalid is standing for re-election at this AGM. The profile of Datuk Kamal Bin Khalid is provided on page 15 of the Board of Directors' Profile in the Annual Report 2020.

NOTICE OF 26TH ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

12. Explanatory Notes: (Cont'd)

Resolution 5:

The Audit Committee and the Board have considered the re-appointment of Messrs KPMG PLT as Auditors of the Company and collectively agreed that KPMG PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Resolution 6:

Proposed Authority to Issue and Allot Shares Pursuant to Section 75 and 76 of the Companies Act 2016

The Ordinary Resolution No. 6 proposed in Agenda 7 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next AGM, unless earlier revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding ten per centum (10.0%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company.

The mandate sought under Ordinary Resolution No. 6 above is a renewal of an existing mandate and there was no proceed raised since the last renewal was sought.

The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

Resolution 7:

Proposed Renewal of Shareholders' Approval for Share Buy-Back

The Ordinary Resolution 7 proposed in Agenda 8 above if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the Proposed Renewal of Share Buy-Back, please refer to the Share Buy-Back Statement on pages 133 to 142 of the Annual Report 2020.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF TWENTY SIXTH ANNUAL GENERAL MEETING

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

1. There is no person seeking for election as Director of the Company at this Annual General Meeting except for the following Directors standing for re-election at the 26th Annual General Meeting of the Company as follows:-

- | | |
|----------------------------|-------------------------|
| (a) Mr Tan See Yin | - ORDINARY RESOLUTION 3 |
| (c) Datuk Kamal Bin Khalid | - ORDINARY RESOLUTION 4 |

The details of the Directors who are standing for re-election are set out in the Profile of the Board of Directors on pages 12 and 15 in this Annual Report.

Information on securities holdings in the Company by the directors standing for re-election are set out in the Directors Report on pages 57 and 127 of the Annual Report.

2. The general mandate for issuance of shares by the Company under Section 75(1) and 76(1) of the Companies Act 2016 is for the purpose of granting renewal of the mandate obtained from its shareholders at the 25th Annual General Meeting held on 19th August 2020. The Company did not issue any shares pursuant to this mandate obtained.

The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL AGM

Twenty Sixth Annual General Meeting of Tomypak Holdings Berhad (“The Company”)

Day and Date	:	Tuesday, 22nd June 2021
Time	:	11.00 a.m.
Broadcast Venue	:	Tricor Business Centre, Manuka 7 Meeting Room Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan

MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Twenty Sixth Annual General Meeting (“26th AGM”) will be conducted on **fully virtual and entirely via remote participation and voting at the Broadcast Venue**.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the 26th AGM and in accordance with Clause 61 of the Company’s Constitution. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting.

Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the 26th AGM at short notice. Kindly check the Company’s website or announcements for the latest updates on the status of the 26th AGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 26th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 26th AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>.

As the 26th AGM is a fully virtual AGM, shareholders who are unable to participate in this 26th AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL AGM
(CONT'D)

PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate the 26th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:-

Procedure	Action
BEFORE THE DAY OF 26TH AGM	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services” by selecting “Create Account by Individual Holder”. Please do refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b) Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Friday, 28th May 2021 until the day of 26th AGM on Tuesday, 22nd June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 26th AGM to ascertain their eligibility to participate the 26th AGM using the RPV. Login with your user ID and password and select the corporate event: “(REGISTRATION) TOMYPAK 26TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors dated 15th June 2021, the system will send you an e-mail after 20th June 2021 to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. <i>(Note: Please allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order for you to login to TIIH Online and participate in the 26th AGM remotely).</i>
ON THE DAY OF 26TH AGM	
(c) Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 26th AGM at any time from 10.00 a.m. i.e. 1 hour before the commencement of the 26th AGM on Tuesday, 22nd June 2021 at 11.00 a.m.
(d) Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) TOMYPAK 26TH AGM” to engage in the proceedings of the 26th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by you during the 26th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL AGM (CONT'D)

PROCEDURES FOR RPV (CONT'D)

Procedure	Action
ON THE DAY OF 26TH AGM (CONT'D)	
(e) Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 11.00 a.m. on Tuesday, 22nd June 2021 until a time when the Chairman announces the end of the voting session. Select the corporate event: “(REMOTE VOTING) TOMYPAK 26TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f) End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 26th AGM, the live streaming will end.

Note to users of the RPV facilities:-

- Should your registration for RPV be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 26th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor not later than **Sunday, 20th June 2021 at 11.00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than **Sunday, 20th June 2021 at 11.00a.m.**

(ii) By electronic form

The proxy form can be electronically lodged with the Poll Administrator of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Procedures for Electronic Submission of Proxy Form.

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL AGM (CONT'D)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Sunday, 20th June 2021 at 11.00 a.m.** to participate via RPV in the 26th AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Poll Administrator of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Sunday, 20th June 2021 at 11.00 a.m.** to participate via RPV in the 26th AGM. The certificate of appointment should be executed in the following manner:-

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:-
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:-

Procedure	Action
i. Steps for Individual Shareholders	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" by selecting "Create Account by Individual Holder". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL AGM (CONT'D)

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

The procedures to submit your proxy form electronically via Tricor's TIIH Online website are summarised below:-
(Cont'd)

Procedure	Action
i. Steps for Individual Shareholders (Cont'd)	
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "TOMYPAK 26TH AGM - SUBMISSION OF PROXY FORM". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your vote. Review and confirm your proxy(ies) appointment. Print proxy form for your record.
ii. Steps for Corporation or Institutional Shareholders	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the persons stated under "ENQUIRY" section below if you need clarifications on the user registration.</p>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online. Select the corporate event: "TOMYPAK 26TH AGM - SUBMISSION OF PROXY FORM" Read and agree to the Terms & Conditions and confirm the Declaration. Proceed to download the file format for "SUBMISSION OF PROXY FORM" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxy(ies) by inserting the required data. Submit the proxy appointment file. Login to TIIH Online, select corporate event: "TOMYPAK 26TH AGM – SUBMISSION OF PROXY FORM". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL AGM (CONT'D)

POLL VOTING

The voting at the 26th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **11.00 a.m.** on **Tuesday, 22nd June 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for 26th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 26th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than **Sunday, 20th June 2021 at 11.00 a.m.** The Board will endeavor to answer the questions received at the 26th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording or photography of the proceedings of the 26th AGM is **strictly not allowed**. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):-

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Contact Persons : Encik Ahmad Syafiq bin Shahrudin
Encik Zulhafri bin Abdul Rahman

This page has been intentionally left blank

Fold this flap for sealing

Then fold here

AFFIX
POSTAGE
STAMP



TOMYPAK HOLDINGS BERHAD (Registration No. 199501008545 (337743-W))

c/o Poll Administrator

*Tricor Investor & Issuing House Services Sdn. Bhd.,
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia*

1st fold here