

**JISHAN BERHAD**

Registration No. 201901013612 (1322940-P)

(Incorporated in Malaysia)

**DIRECTORS' REPORT AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2022**

Registration No. 201901013612 (1322940-P)

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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**JISHAN BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

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 2022.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are manufacturing and trading of corrugated cartons, all kind of paper and plastic packaging products. The principal activities and the details of the subsidiaries are set out in Note 7 to the financial statements.

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

**RESULTS**

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Profit/(Loss) for the financial year attributable to owners of the parent	<u>8,063,757</u>	<u>(44,323)</u>

**DIVIDEND**

No dividend has been paid, declared or proposed by the Company since the end of previous financial year. The Directors do not recommend any payment of dividend for the current financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**ISSUE OF SHARES AND DEBENTURES**

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

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS

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

### Jishan Berhad

Ir. Razali Bin Budin  
Ang Chee Beng  
Cheah Teik Hee  
Khor Keow Kuang  
Ng Eng Siong  
Toh Mei Yong

### Subsidiaries of Jishan Berhad

Ng Eng Siong  
Ang Chee Beng  
Khor Keow Kuang  
Cheah Teik Hee  
Ng Ming Mei  
Ng Xiang Xian

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

<u>Shares in the Company</u>	<b>Number of ordinary shares</b>			
	<b>As at date of appointment*/ Balance as at <u>1.1.2022</u></b>	<b><u>Bought</u></b>	<b><u>Sold</u></b>	<b>Balance as at <u>31.12.2022</u></b>
<b>Direct interests</b>				
Ir. Razali Bin Budin	100,000	0	0	100,000
Ang Chee Beng	22,649,000	0	0	22,649,000
Cheah Teik Hee	12,354,000	0	0	12,354,000
Ng Eng Siong	25,000	0	0	25,000
Toh Mei Yong	280,000	0	0	280,000

**DIRECTORS' INTERESTS (continued)**

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (continued):

<u>Shares in the Company</u>	<b>Number of ordinary shares</b>			
	<b>As at date of appointment*/ Balance as at 1.1.2022</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2022</b>
<b>Indirect interests</b>				
Ng Eng Siong	133,835,002	0	0	133,835,002
Khor Keow Kuang	133,835,002	0	0	133,835,002
 <b><u>Shares in the ultimate holding company, Jishan Capital Sdn. Bhd.</u></b>				
<b>Direct interests</b>				
Ng Eng Siong	1,008,000	0	0	1,008,000
Khor Keow Kuang	672,000	0	0	672,000

\* *Toh Mei Yong was appointed on 8 February 2022.*

By virtue of Ng Eng Siong's and Khor Keow Kuang's substantial interests in the ordinary shares of the Company, they are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

The other Directors holding office at the end of the financial year did not hold any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors) 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 other than the following:

- (a) Certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) Certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

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

## **DIRECTORS' REMUNERATION**

The fees and other benefits of the Directors of the Group and of the Company who held office for the financial year ended 31 December 2022 were as follows:

	<b>Group RM</b>	<b>Company RM</b>
Fees	48,000	48,000
Wages, salaries and bonuses	1,193,500	0
Contributions to defined contribution plan	143,045	0
Other benefits	5,663	0
	<u>1,390,208</u>	<u>48,000</u>

## **INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS**

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and the Company during the financial year.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)**

**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

**SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR**

On 28 February 2022, a wholly-owned subsidiary of the Group, Jishan Pack Sdn. Bhd. ("JSP") has entered into two (2) sale and purchase agreements with third parties for the acquisitions of two (2) parcels of adjoining freehold vacant land for a total cash consideration of RM7,794,745. The acquisitions have been completed on 28 June 2022.

Following the acquisitions of the freehold land, the new manufacturing facilities with built-up area of approximately 9,771 square meters will be constructed on the land.

On 2 December 2022, JSP has entered into a construction contract for a total consideration of RM19.13 million. Subsequently on 15 February 2023, JSP has issued through consultant the letter of award for mechanical and electrical works and firefighting installation work for a total consideration of RM4.89 million.

**ULTIMATE HOLDING COMPANY**

The Directors regard Jishan Capital Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.



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## **AUDITORS**

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2022 amounted to RM10,000 and RM42,300 respectively.

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

**Ng Eng Siong**  
Director

**Ang Chee Beng**  
Director

Penang  
4 April 2023

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**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 15 to 70 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Ng Eng Siong**  
Director

**Ang Chee Beng**  
Director

Penang  
4 April 2023

**STATUTORY DECLARATION**

I, Ng Eng Siong (I/C No.: 621015-04-5423), being the Director primarily responsible for the financial management of Jishan Berhad., do solemnly and sincerely declare that the financial statements set out on pages 15 to 70 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed at  
Georgetown in the State of  
Penang this 4 April 2023

**Ng Eng Siong**

Before me,

Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
JISHAN BERHAD**

Registration No. 201901013612 (1322940-P)  
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**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Jishan Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 70.

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

**Basis for Opinion**

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

*Independence and Other Ethical Responsibilities*

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
JISHAN BERHAD (continued)**

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**Key Audit Matters**

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

***Impairment of trade receivables***

The net carrying amount of trade receivables of RM19,563,572 has been disclosed in Note 10 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information in assessing the expected credit losses.

***Audit response***

Our audit procedures including the following:

- (a) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- (b) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
JISHAN BERHAD (continued)**

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**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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with MFRSs, IFRSs 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
JISHAN BERHAD (continued)**

Registration No. 201901013612 (1322940-P)  
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**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
JISHAN BERHAD (continued)**

Registration No. 201901013612 (1322940-P)  
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**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (d) 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
JISHAN BERHAD (continued)**

Registration No. 201901013612 (1322940-P)  
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**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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.

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

**Lee Beng Tuan**  
03271/07/2024 J  
Chartered Accountant

Penang  
4 April 2023



**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	77,140,372	65,216,517	0	0
Right-of-use assets	6	12,762,653	12,081,755	0	0
Lease receivables	6	269,265	11,730	0	0
Investments in subsidiaries	7	0	0	25,758,000	25,758,000
Investment in an associate	8	20,460	0	0	0
		<u>90,192,750</u>	<u>77,310,002</u>	<u>25,758,000</u>	<u>25,758,000</u>
<b>Current assets</b>					
Inventories	9	13,260,000	9,030,042	0	0
Trade and other receivables	10	22,831,661	20,634,883	3,684,005	2,032,777
Lease receivables	6	81,811	19,131	0	0
Current tax assets		670,929	519,421	25,998	0
Cash and bank balances	11	6,452,976	5,233,583	38,451	1,777,701
		<u>43,297,377</u>	<u>35,437,060</u>	<u>3,748,454</u>	<u>3,810,478</u>
<b>TOTAL ASSETS</b>		<u>133,490,127</u>	<u>112,747,062</u>	<u>29,506,454</u>	<u>29,568,478</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	12	29,973,182	29,973,182	29,973,182	29,973,182
Reserves	13	24,440,183	16,376,426	(491,068)	(446,745)
<b>TOTAL EQUITY</b>		<u>54,413,365</u>	<u>46,349,608</u>	<u>29,482,114</u>	<u>29,526,437</u>

**JISHAN BERHAD**  
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**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022 (continued)**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	14	39,594,304	32,457,571	0	0
Other payable	16	1,332,500	1,776,667	0	0
Lease liabilities	6	5,122,942	4,655,168	0	0
Deferred tax liabilities	15	2,960,900	1,833,500	0	0
		<u>49,010,646</u>	<u>40,722,906</u>	<u>0</u>	<u>0</u>
<b>Current liabilities</b>					
Borrowings	14	16,230,648	11,657,644	0	0
Trade and other payables	16	10,644,624	10,933,064	24,340	30,869
Lease liabilities	6	3,145,308	3,060,934	0	0
Current tax liabilities		45,536	22,906	0	11,172
		<u>30,066,116</u>	<u>25,674,548</u>	<u>24,340</u>	<u>42,041</u>
<b>TOTAL LIABILITIES</b>		<u>79,076,762</u>	<u>66,397,454</u>	<u>24,340</u>	<u>42,041</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>133,490,127</u>	<u>112,747,062</u>	<u>29,506,454</u>	<u>29,568,478</u>

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

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	18	101,893,203	83,962,862	0	0
Cost of sales		<u>(79,609,283)</u>	<u>(64,106,915)</u>	<u>0</u>	<u>0</u>
Gross profit		22,283,920	19,855,947	0	0
Other operating income		742,689	694,656	148,138	171,549
Administrative expenses		(8,502,760)	(7,075,889)	(195,981)	(357,059)
Selling and distribution expenses		(1,757,756)	(1,269,546)	(986)	(71)
Finance costs	19	(2,819,234)	(2,200,952)	0	0
Net (loss)/gain on impairment of financial assets	10(g)	(171,176)	69,570	0	0
Share of loss in an associate	8	<u>(14,540)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(Loss) before tax		9,761,143	10,073,786	(48,829)	(185,581)
Taxation	20	<u>(1,697,386)</u>	<u>(969,018)</u>	<u>4,506</u>	<u>(40,636)</u>
Profit/(Loss) for the financial year		8,063,757	9,104,768	(44,323)	(226,217)
Other comprehensive income, net of tax		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income/(loss)		<u><u>8,063,757</u></u>	<u><u>9,104,768</u></u>	<u><u>(44,323)</u></u>	<u><u>(226,217)</u></u>

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) attributable to owners of the parent		<u>8,063,757</u>	<u>9,104,768</u>	<u>(44,323)</u>	<u>(226,217)</u>
Total comprehensive income/(loss) attributable to owners of the parent		<u>8,063,757</u>	<u>9,104,768</u>	<u>(44,323)</u>	<u>(226,217)</u>
Earnings per ordinary share attributable to equity holders of the Company					
Basic and diluted (sen)	22	<u>3.43</u>	<u>3.87</u>		

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

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

<b>Group</b>	<b>Share capital RM</b>	<b>Reorganisation debit reserve RM</b>	<b>Retained earnings RM</b>	<b>Total equity RM</b>
Balance as at 1 January 2021	29,973,182	(19,708,000)	26,979,658	37,244,840
Profit for the financial year	0	0	9,104,768	9,104,768
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income	0	0	9,104,768	9,104,768
Balance as at 31 December 2021	<u>29,973,182</u>	<u>(19,708,000)</u>	<u>36,084,426</u>	<u>46,349,608</u>
Balance as at 1 January 2022	29,973,182	(19,708,000)	36,084,426	46,349,608
Profit for the financial year	0	0	8,063,757	8,063,757
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income	0	0	8,063,757	8,063,757
Balance as at 31 December 2022	<u>29,973,182</u>	<u>(19,708,000)</u>	<u>44,148,183</u>	<u>54,413,365</u>

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

<b>Company</b>	<b>Share capital RM</b>	<b>Accumulated losses RM</b>	<b>Total equity RM</b>
Balance as at 1 January 2021	29,973,182	(220,528)	29,752,654
Loss for the financial year	0	(226,217)	(226,217)
Other comprehensive income, net of tax	0	0	0
Total comprehensive loss	0	(226,217)	(226,217)
Balance as at 31 December 2021	<u>29,973,182</u>	<u>(446,745)</u>	<u>29,526,437</u>
Balance as at 1 January 2022	29,973,182	(446,745)	29,526,437
Loss for the financial year	0	(44,323)	(44,323)
Other comprehensive income, net of tax	0	0	0
Total comprehensive loss	0	(44,323)	(44,323)
Balance as at 31 December 2022	<u>29,973,182</u>	<u>(491,068)</u>	<u>29,482,114</u>

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

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		9,761,143	10,073,786	(48,829)	(185,581)
Adjustments for:					
Bad debts written off		0	28,292	0	0
Depreciation of:					
- plant, property and equipment	5	5,114,743	3,953,554	0	0
- right-of-use assets	6	2,038,920	2,010,053	0	0
(Gain)/Loss on disposals of property, plant and equipment		(64,971)	3,715	0	0
Gain on lease termination		(5,534)	0	0	0
Interest expense	19	2,819,234	2,200,952	0	0
Interest income		(23,537)	(8,805)	(148,138)	(171,549)
Impairment losses on trade receivables	10(g)	171,176	0	0	0
Reversal of impairment losses on trade receivables	10(g)	0	(69,570)	0	0
Share of loss in an associate	8	14,540			
Property, plant and equipment written off		34,902	387	0	0
Unrealised loss/(gain) on foreign exchange		74,434	(63,139)	0	0
Operating profit/(loss) before changes in working capital		19,935,050	18,129,225	(196,967)	(357,130)
Increase in inventories		(4,229,958)	(5,500,921)	0	0
(Increase)/Decrease in trade and other receivables		(2,440,988)	911,285	(1,651,228)	2,641,353
(Increase)/Decrease in lease receivables		(320,215)	77,398	0	0
(Decrease)/Increase in trade and other payables		(732,607)	1,077,024	(6,529)	(10,291)
Cash generated from/(used in) operations		12,211,282	14,694,011	(1,854,724)	2,273,932
Interest received		22,967	8,805	148,138	171,549
Interest paid		(273,260)	(237,257)	0	0
Tax paid		(698,864)	(1,046,416)	(32,664)	(40,181)
Net cash from/(used in) operating activities		11,262,125	13,419,143	(1,739,250)	2,405,300

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposals of property, plant and equipment		575,660	19,701	0	0
Purchase of:					
- property, plant and equipment	5	(15,740,490)	(17,655,495)	0	0
- right-of-use assets	6.1(c)	(409,660)	0	0	0
Proceeds from refinancing of right-of-use assets	6.1(c)	0	1,369,098	0	0
Acquisitions of:					
- a subsidiary	7(c)	0	0	0	(1,050,000)
- an associate	8(b)	(35,000)	0	0	0
Net changes in deposit with a licensed bank with maturity more than 3 months	11	(331,626)	0	0	0
Net cash used in investing activities		<u>(15,941,116)</u>	<u>(16,266,696)</u>	<u>0</u>	<u>(1,050,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of bankers' acceptances		23,835,924	17,509,890	0	0
Drawdown of term loans		11,939,452	9,389,842	0	0
Interest paid		(2,142,492)	(1,606,352)	0	0
Repayment of bankers' acceptances		(21,289,311)	(16,540,771)	0	0
Repayment of lease liabilities	6	(3,987,579)	(2,783,203)	0	0
Repayment of term loans		<u>(3,622,813)</u>	<u>(1,720,809)</u>	<u>0</u>	<u>0</u>
Net cash from financing activities		<u>4,733,181</u>	<u>4,248,597</u>	<u>0</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents		54,190	1,401,044	(1,739,250)	1,355,300



**JISHAN BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Net increase/(decrease) in cash and cash equivalents		54,190	1,401,044	(1,739,250)	1,355,300
Effects of exchange rate changes on cash and cash equivalents		(830)	63,139	0	0
Cash and cash equivalents at beginning of financial year		2,764,448	1,300,265	1,777,701	422,401
Cash and cash equivalents at end of financial year	11	<u>2,817,808</u>	<u>2,764,448</u>	<u>38,451</u>	<u>1,777,701</u>

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Group	Lease liabilities	Bankers' acceptances	Term loans
	(Note 6) RM	(Note 14) RM	RM
Balance as at 1 January 2022	7,716,102	5,660,421	35,985,659
Cash flows	(3,987,579)	2,546,613	8,316,639
Non-cash flows:			
- Additions	4,531,759	0	0
- Interest expense	0	12,078	0
- Lease termination	(383,436)	0	0
- Unwinding of interest	391,404	0	0
Balance as at 31 December 2022	<u>8,268,250</u>	<u>8,219,112</u>	<u>44,302,298</u>
Balance as at 1 January 2021	4,132,386	4,691,302	28,316,626
Cash flows	(2,783,203)	969,119	7,669,033
Non-cash flows:			
- Additions	6,009,576	0	0
- Unwinding of interest	357,343	0	0
Balance as at 31 December 2021	<u>7,716,102</u>	<u>5,660,421</u>	<u>35,985,659</u>

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

Registration No. 201901013612 (1322940-P)

**JISHAN BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**1. CORPORATE INFORMATION**

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

The registered office of the Company is located at 39, Irving Road, 10400 Georgetown, Pulau Pinang.

The principal place of business of the Company is located at Lot 20575, Jalan Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang.

The ultimate holding company of the Company is Jishan Capital Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the financial statements of Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 4 April 2023.

**2. PRINCIPAL ACTIVITIES**

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are manufacturing and trading of corrugated cartons, all kind of paper and plastic packaging products. The principal activities and the details of the subsidiaries are set out in Note 7 to the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**3. BASIS OF PREPARATION**

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are set out in Note 26.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

**4. OPERATING SEGMENTS**

Information about operating segments has not been reported separately as revenue, profit or loss, assets and liabilities of the Group are mainly confined to a single operating segment, namely the manufacturing and sale of paper-related and plastic-related products.

No segment information is presented as the Executive Directors view the Group as a single reportable segment.

(a) Geographical segment

The manufacturing facilities of the Group are primarily based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers from which the sale transactions originated.

All the assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/details of the segment assets and liabilities of the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**4. OPERATING SEGMENTS (continued)**

(a) Geographical segment (continued)

Revenue information based on geographical location of customers is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue from external customers</b>		
Malaysia	100,690,230	83,035,564
Others	1,202,973	927,298
	<u>101,893,203</u>	<u>83,962,862</u>

(b) Major customer

The following is major customer with revenue equal or more than ten percent (10%) of revenue of the Group:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Customer A	<u>17,259,657</u>	<u>21,342,511</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**5. PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory equipment RM	Office equipment RM	Furniture and fittings RM			Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
						Electrical installation RM	RM	RM				
<b>At cost</b>												
Balance as at 1 January 2022	18,470,967	15,885,885	26,844,505	9,189,246	2,471,405	1,902,663	667,615	2,583,963	3,314,481	14,415,916	95,746,646	
Additions	7,794,745	0	2,951,905	1,041,382	262,086	0	121,209	980,131	726,477	1,862,555	15,740,490	
Disposals	0	0	(149,911)	(1,775)	(15,749)	0	0	(563,707)	0	0	(731,142)	
Written off	0	0	0	0	0	0	0	0	(40,922)	0	(40,922)	
Reclassifications	0	0	480,000	(59,369)	59,369	0	0	0	0	(480,000)	0	
Transfer from right-of-use assets (Note 6)	0	0	3,456,936	0	0	0	0	0	0	0	3,456,936	
Balance as at 31 December 2022	26,265,712	15,885,885	33,583,435	10,169,484	2,777,111	1,902,663	788,824	3,000,387	4,000,036	15,798,471	114,172,008	
<b>Accumulated depreciation</b>												
Balance as at 1 January 2022	0	1,920,370	14,215,003	6,959,176	2,059,940	1,528,359	256,586	2,130,672	1,460,023	0	30,530,129	
Current charge	0	317,718	2,236,282	1,193,897	241,714	259,850	141,668	245,617	477,997	0	5,114,743	
Disposals	0	0	0	(237)	0	0	0	(220,216)	0	0	(220,453)	
Written off	0	0	0	0	0	0	0	0	(6,020)	0	(6,020)	
Reclassifications	0	0	0	(14,275)	14,275	0	0	0	0	0	0	
Transfer from right-of-use assets (Note 6)	0	0	1,613,237	0	0	0	0	0	0	0	1,613,237	
Balance as at 31 December 2022	0	2,238,088	18,064,522	8,138,561	2,315,929	1,788,209	398,254	2,156,073	1,932,000	0	37,031,636	
<b>Carrying amount</b>												
Balance as at 31 December 2022	26,265,712	13,647,797	15,518,913	2,030,923	461,182	114,454	390,570	844,314	2,068,036	15,798,471	77,140,372	

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	Freehold land RM	Factory buildings RM	Plant and machinery RM		Factory equipment RM	Office equipment RM	Electrical installation RM	Furniture and fittings RM		Motor vehicles RM	Renovation in-progress RM	Capital work-progress RM	Total RM
			RM	RM				RM	RM				
<b>At cost</b>													
Balance as at 1 January 2021	18,470,967	15,885,885	19,562,460	8,224,542	2,203,252	1,902,663	347,294	2,127,893	2,544,512	3,825,386	75,094,854		
Additions	0	0	4,466,058	755,304	294,467	0	325,667	0	769,969	11,044,030	17,655,495		
Disposals	0	0	(65,000)	0	0	0	0	0	0	0	(65,000)		
Written off	0	0	0	(2,100)	(26,314)	0	(5,346)	(3,000)	0	0	(36,760)		
Reclassifications	0	0	433,000	20,500	0	0	0	0	0	(453,500)	0		
Transfer from right-of-use assets (Note 6)	0	0	5,147,073	191,000	0	0	0	0	459,070	0	5,797,143		
Transfer to right-of-use assets (Note 6)	0	0	(2,699,086)	0	0	0	0	0	0	0	(2,699,086)		
Balance as at 31 December 2021	18,470,967	15,885,885	26,844,505	9,189,246	2,471,405	1,902,663	667,615	2,583,963	3,314,481	14,415,916	95,746,646		
<b>Accumulated depreciation</b>													
Balance as at 1 January 2021	0	1,602,652	9,936,545	5,856,981	1,796,931	1,268,508	182,730	1,471,526	1,176,923	0	23,292,796		
Current charge	0	317,718	1,547,893	973,777	288,944	259,851	79,196	203,075	283,100	0	3,953,554		
Disposals	0	0	(41,584)	0	0	0	0	0	0	0	(41,584)		
Written off	0	0	0	(2,099)	(25,935)	0	(5,340)	(2,999)	0	0	(36,373)		
Transfer from right-of-use assets (Note 6)	0	0	2,784,662	130,517	0	0	0	459,070	0	0	3,374,249		
Transfer to right-of-use assets (Note 6)	0	0	(12,513)	0	0	0	0	0	0	0	(12,513)		
Balance as at 31 December 2021	0	1,920,370	14,215,003	6,959,176	2,059,940	1,528,359	256,586	2,130,672	1,460,023	0	30,530,129		
<b>Carrying amount</b>													
Balance as at 31 December 2021	18,470,967	13,965,515	12,629,502	2,230,070	411,465	374,304	411,029	453,291	1,854,458	14,415,916	65,216,517		

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

- (a) All items of property, plant and equipment are initially measured at cost.

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

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Factory buildings	2%
Plant and machinery	10%
Factory equipment	20% - 33%
Office equipment	20% - 33%
Electrical installation	20%
Furniture and fittings	20%
Motor vehicles	20%
Renovation	10% - 20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents machinery under installation and stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

- (b) As at the end of the reporting period, freehold land and certain factory buildings of the Group with carrying amounts of RM39,325,267 (2021: RM31,848,240) have been charged to banks for credit facilities granted to the Group as disclosed in Note 14(c) to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**6. LEASES**

**6.1 The Group as lessee**

**Right-of-use assets**

	Balance as at 1.1.2022 RM	Additions RM	Depreciation RM	Lease termination RM	Transfer to property, plant and equipment RM	Balance as at 31.12.2022 RM
<b>Carrying amount</b>						
Plant and machinery	10,363,182	3,879,933	(1,425,071)	0	(1,843,699)	10,974,345
Factory equipment	151,200	0	(37,800)	0	0	113,400
Motor vehicles	399,253	328,697	(162,627)	0	0	565,323
Buildings	1,168,120	732,789	(413,422)	(377,902)	0	1,109,585
	<b>12,081,755</b>	<b>4,941,419</b>	<b>(2,038,920)</b>	<b>(377,902)</b>	<b>(1,843,699)</b>	<b>12,762,653</b>

	Balance as at 1.1.2021 RM	Additions RM	Depreciation RM	Transfer to property, plant and equipment RM	Transfer from property, plant and equipment RM	Balance as at 31.12.2021 RM
<b>Carrying amount</b>						
Plant and machinery	8,640,105	3,067,544	(1,668,629)	(2,362,411)	2,686,573	10,363,182
Factory equipment	98,683	189,000	(76,000)	(60,483)	0	151,200
Motor vehicles	448,863	159,200	(208,810)	0	0	399,253
Buildings	0	1,224,734	(56,614)	0	0	1,168,120
	<b>9,187,651</b>	<b>4,640,478</b>	<b>(2,010,053)</b>	<b>(2,422,894)</b>	<b>2,686,573</b>	<b>12,081,755</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**6. LEASES (continued)**

**6.1 The Group as lessee (continued)**

**Lease liabilities**

	Balance as at 1.1.2022 RM	Additions RM	Lease termination RM	Lease payments RM	Interest expenses (Note 19) RM	Balance as at 31.12.2022 RM
<b>Carrying amount</b>						
Plant and machinery	6,084,795	3,474,971	0	(3,252,828)	306,264	6,613,202
Factory equipment	134,528	0	0	(68,292)	5,578	71,814
Motor vehicles	324,023	324,000	0	(217,409)	20,809	451,423
Buildings	1,172,756	732,788	(383,436)	(449,050)	58,753	1,131,811
	<u>7,716,102</u>	<u>4,531,759</u>	<u>(383,436)</u>	<u>(3,987,579)</u>	<u>391,404</u>	<u>8,268,250</u>

	Balance as at 1.1.2021 RM	Additions RM	Lease payments RM	Interest expenses (Note 19) RM	Balance as at 31.12.2021 RM
<b>Carrying amount</b>					
Plant and machinery	3,744,428	4,483,842	(2,467,235)	323,760	6,084,795
Factory equipment	45,480	189,000	(109,057)	9,105	134,528
Motor vehicles	342,478	112,000	(144,911)	14,456	324,023
Buildings	0	1,224,734	(62,000)	10,022	1,172,756
	<u>4,132,386</u>	<u>6,009,576</u>	<u>(2,783,203)</u>	<u>357,343</u>	<u>7,716,102</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**6. LEASES (continued)**

**6.1 The Group as lessee (continued)**

**Lease liabilities (continued)**

Represented by:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Current liabilities	3,145,308	3,060,934
Non-current liabilities	5,122,942	4,655,168
	<u>8,268,250</u>	<u>7,716,102</u>
Lease liabilities owing to financial institutions	5,785,065	2,874,668
Lease liabilities owing to non-financial institutions	2,483,185	4,841,434
	<u>8,268,250</u>	<u>7,716,102</u>

- (a) The Group leases certain items of plant and machinery, factory equipment, buildings and motor vehicles. The leases comprise only fixed payments over the lease terms.
- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. The depreciation rates of right-of-use assets are as follows:

Plant and machinery	10%
Factory equipment	20%
Motor vehicles	20%
Buildings	33.33% - 50%

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**6. LEASES (continued)**

**6.1 The Group as lessee (continued)**

- (c) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Additions of right-of-use assets	4,941,419	4,640,478
Financed by lease liabilities	<u>(4,531,759)</u>	<u>(6,009,576)</u>
Cash payments on purchase of right-of-use assets/ (Proceeds from refinancing of right-of-use assets)	<u>409,660</u>	<u>(1,369,098)</u>

- (d) As at the end of the reporting period, plant and machinery and motor vehicle included under right-of-use assets with carrying amounts of RM4,275,509 (2021: RM4,881,522) have been charged to a bank for credit facilities granted to the Group as disclosed in Note 14(c) to the financial statements.

- (e) The Group has certain leases of premises and equipment with lease term of twelve (12) months or less. The Group applied the “short-term lease” exemptions for these leases.

- (f) The following are the amounts recognised in profit or loss:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Depreciation charge of right-of-use assets included in:		
- Cost of sales	1,876,293	1,744,628
- Administrative expenses	162,627	265,425
Expenses relating to short-term leases (included in cost of sales)	84,100	0
Interest expenses on lease liabilities (included in finance costs) (Note 19)	<u>391,404</u>	<u>357,343</u>
	<u>2,514,424</u>	<u>2,367,396</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**6. LEASES (continued)**

**6.1 The Group as lessee (continued)**

(g) The following total cash outflows for leases as a lessee:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<i>Included in net cash from/(used in) operating activities:</i>		
Expenses relating to short-term leases	(84,100)	0
<i>Included in net cash used in investing activities:</i>		
Proceeds from refinancing of right-of-use assets	0	1,369,098
Purchase of right-of-use assets	(409,660)	0
<i>Included in net cash from financing activities:</i>		
Payment of lease liabilities	(3,987,579)	(2,783,203)
Total cash outflows for leases	<u>(4,481,339)</u>	<u>(1,414,105)</u>

(h) Information on financial risks of lease liabilities is disclosed in Note 24 to the financial statements.

**6.2 The Group as lessor**

**Lease receivables**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Future minimum lease receivables:		
- Not later than one (1) year	94,860	20,520
- One (1) to two (2) years	90,360	11,970
- Two (2) to three (3) years	90,360	0
- Three (3) to four (4) years	90,360	0
- Four (4) to five (5) years	16,525	0
Total future minimum lease receivables	382,465	32,490
Less: Unearned finance income	(31,389)	(1,629)
Present value of finance lease receivables	<u>351,076</u>	<u>30,861</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**6. LEASES (continued)**

**6.2 The Group as lessor (continued)**

**Lease receivables (continued)**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Analysis of present value of finance lease receivables:		
Current		
- Not later than one (1) year	81,811	19,131
Non-current		
- Later than one (1) year and not later than five (5) years	269,265	11,730
	<u>351,076</u>	<u>30,861</u>

(a) Lease receivables are classified as financial assets measured at amortised cost.

(b) The Group has contracts for leasing of motor vehicle and machinery. These contracts are classified as finance leases as these arrangements transfer substantially all the risks and rewards incident to ownership of the assets to the lessee.

(c) Lease receivables are denominated in Ringgit Malaysia.

(d) Movements in lease receivables are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
At 1 January	30,861	108,259
Additions	450,875	0
Interest income	13,115	2,622
Lease payments received	(143,775)	(80,020)
At 31 December	<u>351,076</u>	<u>30,861</u>

(e) Impairment for lease receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model as disclosed in Note 10(h) to the financial statements. No expected credit loss is recognised arising from lease receivables as it is negligible.

**NOTES TO THE FINANCIAL STATEMENTS  
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**7. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Unquoted shares	<u>25,758,000</u>	<u>25,758,000</u>

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

(b) Details of the subsidiaries are as follows:

<b>Name of subsidiaries</b>	<b>Country of incorporation/ Principal place of business</b>	<b>Effective interest in equity</b>		<b>Principal activities</b>
		<b>2022</b>	<b>2021</b>	
		<b>%</b>	<b>%</b>	
Jishan Pack Sdn. Bhd.	Malaysia	100	100	Manufacturing and dealing in corrugated cartons, paper products and diverse plastic products.
Jishan Packaging Hub Sdn. Bhd.	Malaysia	100	100	Buying and selling of all kinds of plastic packaging products, paperboard, and corrugated cartons.
<u>Subsidiary of Jishan Pack Sdn. Bhd.</u>				
JSP Plas Sdn. Bhd.	Malaysia	100	100	Manufacturing of diverse plastic products and trading of medical and non medical products.

All subsidiaries are audited by BDO PLT, Malaysia.

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**7. INVESTMENTS IN SUBSIDIARIES (continued)**

- (c) In the previous financial year, the Company incorporated Jishan Packaging Hub Sdn. Bhd. for a total cash consideration of RM1,050,000, which was satisfied via the issuance of 1,0500,000 new ordinary shares at an issue price of RM1 per ordinary shares. Jishan Packaging Hub Sdn. Bhd. became a wholly-owned subsidiary of the Group.

**8. INVESTMENT IN AN ASSOCIATE**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	35,000	0
Share of post-acquisition reserve	(14,540)	0
	<u>20,460</u>	<u>0</u>

- (a) Investment in an associate is accounted for using the equity method of accounting in the consolidated financial statement.
- (b) During the financial year, the Group had subscribed 35,000 ordinary shares in FNM Industries Sdn. Bhd. for a total cash consideration of RM35,000.
- (c) The details of an associate, which is a company incorporated and with principal place of business in Malaysia is as follows:

<b>Name of company</b>	<b>Effective interest in equity</b>		<b>Principal activities</b>
	<b>2022</b>	<b>2021</b>	
	<b>%</b>	<b>%</b>	
FNM Industries Sdn. Bhd. *	35	0	Manufacturing, trading of equipment, medical and non-medical products and service provider of solar system.

\* The associate is not audited by BDO PLT or BDO member firms.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**8. INVESTMENT IN AN ASSOCIATE (continued)**

(d) Significant influence

Significant influence is presumed to exist when the Group hold twenty percent (20%) or more of the voting rights of another entity, unless it can be clearly demonstrated otherwise. The Group holds a 35% (2021: NIL) equity interest in FNM Industries Sdn. Bhd for which the Group has determined that it has significant influence.

(e) The summarised unaudited financial information of the associate is as follows:

	2022 RM	2021 RM
<b>Assets and liabilities</b>		
Net assets	<u>58,457</u>	<u>0</u>
<b>Results</b>		
Revenue	105,132	0
Loss for the financial year, representing total comprehensive loss	<u>(41,543)</u>	<u>0</u>
Cash flows from operating activities	60,577	0
Cash flows used in investing activities	(22,666)	0
Cash flows from financing activities	<u>100,000</u>	<u>0</u>
Net increase in cash and cash equivalents	<u><u>137,911</u></u>	<u><u>0</u></u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**9. INVENTORIES**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Raw materials	7,868,043	6,785,780
Work-in-progress	780,094	218,229
Packaging materials	2,318,424	742,123
Finished goods	2,293,439	1,283,910
	<u>13,260,000</u>	<u>9,030,042</u>

- (a) Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined using weighted average cost and first in, first out basis, while cost of work-in-progress, packaging materials and finished goods are determined on a first in, first out basis. Cost of packing materials and raw materials comprises all costs of purchase plus other cost incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and manufactured inventories includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

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.

- (b) During the financial year, the inventories of the Group recognised as cost of sales amounted to RM53,895,543 (2021: RM54,747,838).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**10. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Trade receivables</b>				
Third parties	19,818,758	17,823,065	0	0
An associate	2,260	0	0	0
Less: Impairment losses				
- Third parties	(257,446)	(86,270)	0	0
Total trade receivables	19,563,572	17,736,795	0	0
<b>Other receivables</b>				
Third parties	33,989	110,249	0	0
Amounts owing by subsidiaries	0	0	3,684,005	2,032,777
Amount owing by an associate	188,170	0	0	0
Deposits	618,679	578,652	0	0
Total other receivables	840,838	688,901	3,684,005	2,032,777
Total receivables	20,404,410	18,425,696	3,684,005	2,032,777
Prepayments	2,427,251	2,209,187	0	0
	<u>22,831,661</u>	<u>20,634,883</u>	<u>3,684,005</u>	<u>2,032,777</u>

- (a) Total receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days (2021: 30 days to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) The amounts owing by subsidiaries and an associate represent advances, which are unsecured, bearing interest at 4.65% (2021: 3.96% and NIL respectively) per annum and payable within the next twelve (12) months or upon demand in cash and cash equivalents.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**10. TRADE AND OTHER RECEIVABLES (continued)**

(d) Currency exposure profile of total receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	18,476,219	16,426,339	3,684,005	2,032,777
United States Dollar	1,928,191	1,999,357	0	0
	<u>20,404,410</u>	<u>18,425,696</u>	<u>3,684,005</u>	<u>2,032,777</u>

(e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from past due aging. Expected loss rates are calculated using the roll rate method based on the common credit risk characteristic - type of products purchased.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (Producer price index) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**10. TRADE AND OTHER RECEIVABLES (continued)**

- (f) Lifetime expected credit loss (“ECL”) impairment for trade receivables as at 31 December 2022 and 31 December 2021 are as follows:

<b>Group</b>	<b>Expected loss rate</b>	<b>Gross carrying amount RM</b>	<b>Lifetime ECL impairment RM</b>	<b>Total RM</b>
<b>As at 31 December 2022</b>				
Not past due	0.18%	13,454,356	23,903	13,430,453
Past due 1 - 30 days	0.35%	5,098,509	17,911	5,080,598
Past due 31 - 60 days	4.41%	946,856	41,765	905,091
Past due 61 - 90 days	41.66%	230,362	95,966	134,396
Over 90 days	85.67%	90,935	77,901	13,034
		<u>19,821,018</u>	<u>257,446</u>	<u>19,563,572</u>
<b>As at 31 December 2021</b>				
Not past due	0.16%	12,627,463	20,475	12,606,988
Past due 1 - 30 days	0.46%	4,900,471	22,547	4,877,924
Past due 31 - 60 days	5.05%	225,137	11,362	213,775
Past due 61 - 90 days	37.77%	58,175	21,973	36,202
Over 90 days	83.87%	11,819	9,913	1,906
		<u>17,823,065</u>	<u>86,270</u>	<u>17,736,795</u>

- (g) Movements in the impairment allowance for trade receivables are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	86,270	155,840
Charge for the financial year	171,176	0
Reversal of impairment losses	0	(69,570)
Balance as at 31 December	<u>257,446</u>	<u>86,270</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**10. TRADE AND OTHER RECEIVABLES (continued)**

- (h) Impairment for other receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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 twelve (12) months after the reporting period. 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 defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability of non-payment by other receivables are adjusted by forward-looking information and multiplied by the amounts of the expected losses arising from default to determine the 12-month or lifetime expected credit losses for other receivables.

No expected credit loss is recognised arising from other receivables as it is negligible.

- (i) Information on financial risks of total receivables is disclosed in Note 24 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**11. CASH AND BANK BALANCES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	6,121,350	4,907,981	38,451	1,777,701
Fixed deposit with a licensed bank	331,626	325,602	0	0
As per statement of financial position	6,452,976	5,233,583	38,451	1,777,701
Less: Deposit with a licensed bank with maturity more than 3 months	(331,626)	0	0	0
Less: Bank overdraft (Note 14)	(3,303,542)	(2,469,135)	0	0
As per statements of cash flows	<u>2,817,808</u>	<u>2,764,448</u>	<u>38,451</u>	<u>1,777,701</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Currency exposure profile of cash and bank balances are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	6,380,097	5,049,373	38,451	1,777,701
United States Dollar	72,879	184,210	0	0
	<u>6,452,976</u>	<u>5,233,583</u>	<u>38,451</u>	<u>1,777,701</u>

- (c) No expected credit loss is recognised arising from the cash and bank balances because the probability of default by these financial institutions is negligible.
- (d) Information on financial risks of cash and bank balances is disclosed in Note 24 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**12. SHARE CAPITAL**

	<b>Group</b>		<b>Company</b>	
	<b>Number of ordinary shares RM</b>	<b>Amount RM</b>	<b>Number of ordinary shares RM</b>	<b>Amount RM</b>
<b>2022</b>				
<b>Issued and fully paid-up with no par value</b>				
Balance as at 1 January/ 31 December	<u>235,151,002</u>	<u>29,973,182</u>	<u>235,151,002</u>	<u>29,973,182</u>

**2021**

<b>Issued and fully paid-up with no par value</b>				
Balance as at 1 January/ 31 December	<u>235,151,002</u>	<u>29,973,182</u>	<u>235,151,002</u>	<u>29,973,182</u>

Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

**13. RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Reorganisation debit reserve	(19,708,000)	(19,708,000)	0	0
Retained earnings/ (Accumulated losses)	<u>44,148,183</u>	<u>36,084,426</u>	<u>(491,068)</u>	<u>(446,745)</u>
	<u>24,440,183</u>	<u>16,376,426</u>	<u>(491,068)</u>	<u>(446,745)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. RESERVES (continued)**

The reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital of Jishan Pack Sdn. Bhd. pursuant to business combination under common control in previous financial year.

**14. BORROWINGS**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
<i>Secured</i>		
Term loans	39,594,304	32,457,571
<b>Current</b>		
<i>Secured</i>		
Bank overdraft	3,303,542	2,469,135
Bankers' acceptances	8,219,112	5,660,421
Term loans	4,707,994	3,528,088
	16,230,648	11,657,644
	<u>55,824,952</u>	<u>44,115,215</u>
<b>Total borrowings</b>		
Bank overdraft	3,303,542	2,469,135
Bankers' acceptances	8,219,112	5,660,421
Term loans	44,302,298	35,985,659
	<u>55,824,952</u>	<u>44,115,215</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**14. BORROWINGS (continued)**

The interest rate per annum of the Group at the end of the reporting period for bank borrowings were as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	%	%
Bank overdraft	6.90	6.14
Bankers' acceptances	3.01 - 4.81	2.21 - 3.53
Term loans	<u>4.00 - 7.04</u>	<u>3.69 - 5.95</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in Ringgit Malaysia.
- (c) The credit facilities of the Group are secured and covered by the following:
  - (i) fixed charges over freehold land, factory buildings, plant and machinery and factory equipment as referred to in Note 5(b) and Note 6.1(d) to the financial statements;
  - (ii) corporate guarantee by the ultimate holding company;
  - (iii) guarantee by Credit Guarantee Corporation (M) Bhd. under Flexi Guarantee Scheme; and
  - (iv) joint and several guarantee by certain Directors of the Company.
- (d) Information on financial risks of borrowings is disclosed in Note 24 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. DEFERRED TAX LIABILITIES**

- (a) The deferred tax liabilities are made up of the following:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	1,833,500	1,781,300
Recognised in profit or loss (Note 20)	1,127,400	52,200
Balance as at 31 December	<u>2,960,900</u>	<u>1,833,500</u>

- (b) The components and movements of deferred tax liabilities during the financial year are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Property, plant and equipment</b>		
Balance as at 1 January	1,833,500	1,781,300
Recognised in profit or loss (Note 20):		
- relating to origination and reversal of temporary differences	915,800	1,034,300
- under/(over)provision in prior years	211,600	(982,100)
Balance as at 31 December	<u>2,960,900</u>	<u>1,833,500</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**16. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Non-current</b>				
<b>Other payable</b>				
Amount owing to ultimate holding company	1,332,500	1,776,667	0	0
<b>Current</b>				
<b>Trade payables</b>				
Third parties	6,287,572	6,860,799	0	0
A related party	37,004	92,118	0	0
	6,324,576	6,952,917	0	0
<b>Other payables</b>				
Third parties	1,207,544	1,668,937	5,300	9,989
Amount owing to ultimate holding company	444,167	449,043	0	0
Accruals	2,668,337	1,862,167	19,040	20,880
	4,320,048	3,980,147	24,340	30,869
<b>Total current trade and other payables</b>	10,644,624	10,933,064	24,340	30,869
<b>Total trade and other payables</b>	11,977,124	12,709,731	24,340	30,869

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 60 days (2021: 30 days to 60 days) from date of invoice.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. TRADE AND OTHER PAYABLES (continued)**

- (c) Included in the current and non-current other payables is an amount owing to ultimate holding company of RM1,776,666 (2021: RM2,223,519), which is unsecured, bearing interest at 4.50% (2021: 4.50%) per annum and repayable in fixed monthly repayment terms.
- (d) As at the end of the reporting period, amount owing to a related party was trade in nature, unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents. The related party was a company incorporated in Malaysia in which certain Directors of the Company have significant financial and controlling interests.
- (e) All trade and other payables are denominated in Ringgit Malaysia.
- (f) Information on financial risks of trade and other payables is disclosed in Note 24 to the financial statements.

**17. CAPITAL COMMITMENTS**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	19,481,807	3,939,899
- approved but not contracted for	<u>1,297,000</u>	<u>646,380</u>

**18. REVENUE**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Revenue from contracts with customers:		
- Transferred at a point in time	<u>101,893,203</u>	<u>83,962,862</u>

Disaggregation of revenue from contracts with customers is disclosed in Note 4(a) to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. REVENUE (continued)**

Revenue from sale of products is recognised at a point in time when the products have been transferred to the customer and coincide with the delivery of products and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of products.

There is no significant financing component in the revenue arising from sale of products as the sales are made on the normal credit terms not exceeding twelve (12) months.

**19. FINANCE COSTS**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Interest expenses on:		
- bank overdraft	73,135	69,025
- bankers' acceptances	290,581	204,520
- lease liabilities	391,404	357,343
- term loans	1,863,989	1,384,727
- ultimate holding company	165,275	180,468
- others	34,850	4,869
	<u>2,819,234</u>	<u>2,200,952</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**20. TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
The major components of the tax expense are:				
Current tax expense based on profit for the financial year	839,700	892,072	14,200	41,172
(Over)/Underprovision of tax expenses in prior years	(269,714)	24,746	(18,706)	(536)
	569,986	916,818	(4,506)	40,636
Deferred tax expense (Note 15):				
- relating to origination and reversal of temporary differences	915,800	1,034,300	0	0
- under/(over)provision in prior years	211,600	(982,100)	0	0
	1,127,400	52,200	0	0
	<u>1,697,386</u>	<u>969,018</u>	<u>(4,506)</u>	<u>40,636</u>

The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**20. TAXATION (continued)**

The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit/(Loss) before tax	<u>9,761,143</u>	<u>10,073,786</u>	<u>(48,829)</u>	<u>(185,581)</u>
Tax at the applicable tax rate of 24% (2021: 24%)	2,342,700	2,417,700	(11,700)	(44,500)
Tax effects of:				
- non-allowable expenses	424,400	294,572	25,900	85,672
- income not subject to tax	(149,400)	(45,000)	0	0
Reinvestment allowance	(862,200)	(740,900)	0	0
(Over)/Underprovision of tax expense in prior years	(269,714)	24,746	(18,706)	(536)
Under/(Over)provision of deferred tax expense in prior years	<u>211,600</u>	<u>(982,100)</u>	<u>0</u>	<u>0</u>
Taxation for the financial year	<u>1,697,386</u>	<u>969,018</u>	<u>(4,506)</u>	<u>40,636</u>

Subject to the agreement of the Inland Revenue Board, the Group has unutilised reinvestment tax allowance to approximately RM2,552,796 (2021: RM1,994,795) available to set-off against future taxable income.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**21. EMPLOYEE BENEFITS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Director's fee	48,000	48,000	48,000	48,000
Wages, salaries and bonuses	15,446,418	11,764,584	0	0
Contributions to defined contribution plan	1,338,555	1,096,036	0	0
Other benefits	201,775	147,073	0	0
	<u>17,034,748</u>	<u>13,055,693</u>	<u>48,000</u>	<u>48,000</u>

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM1,390,208 (2021: RM1,193,379) and RM48,000 (2021: RM48,000) respectively.

**22. EARNINGS PER ORDINARY SHARES**

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
Profit for the financial year attributable to owners of the parent (RM)	<u>8,063,757</u>	<u>9,104,768</u>
Weighted average number of ordinary shares in issue (unit)	<u>235,151,002</u>	<u>235,151,002</u>
Basic earnings per ordinary share (sen)	<u>3.43</u>	<u>3.87</u>

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary shares in issue during and at the end of the financial year.



**NOTES TO THE FINANCIAL STATEMENTS  
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**23. RELATED PARTY DISCLOSURES**

(a) Identities of related parties

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

Related parties of the Group include:

- (i) Ultimate holding company, Jishan Capital Sdn. Bhd.;
  - (ii) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
  - (iii) Associate as disclosed in Note 8 to the financial statements;
  - (iv) Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly;
  - (v) A company in which certain Directors have substantial financial interests; and
  - (vi) Family members of Directors of the Group.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Ultimate holding company</b>				
Interest expense	165,275	180,468	0	0
Rental expense	96,000	24,000	0	0
Purchases of renewable energy	295,503	26,790	0	0
<hr/>				
<b>Subsidiaries</b>				
Interest income	0	0	145,571	167,504
<hr/>				

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**23. RELATED PARTY DISCLOSURES (continued)**

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Associate</b>				
Sales	13,900	0	0	0
Interest income	3,332	0	0	0
<b>Related parties</b>				
Purchases	204,950	263,675	0	0
Rental expenses	14,400	14,400	0	0

The related party transactions described above were undertaken on mutually agreed and negotiated terms.

Information regarding outstanding balances arising from related parties transactions as at 31 December 2022 and 31 December 2021 are disclosed in Notes 10 and 16 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executives or otherwise) of the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**23. RELATED PARTY DISCLOSURES (continued)**

(c) Compensation of key management personnel (continued)

The total remuneration of Directors and key management personnel during the financial year was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Director's fee	48,000	48,000	48,000	48,000
Salaries and bonuses	1,541,450	1,041,500	0	0
Contributions to defined contribution plan	184,325	206,055	0	0
Others	7,667	4,716	0	0
	<u>1,781,442</u>	<u>1,300,271</u>	<u>48,000</u>	<u>48,000</u>

No monetary value of benefits-in-kind is provided to the Executive Directors and key management personnel of the Group.

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT**

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from the previous financial years.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(a) Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. Net debts are calculated as total borrowings and lease liabilities less cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the gearing ratio is shown below:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Borrowings (Note 14)	55,824,952	44,115,215	0	0
Lease liabilities (Note 6)	8,268,250	7,716,102	0	0
Less:				
Cash and bank balances (Note 11)	<u>(6,452,976)</u>	<u>(5,233,583)</u>	<u>(38,451)</u>	<u>(1,777,701)</u>
Net debt/(cash)	<u>57,640,226</u>	<u>46,597,734</u>	<u>(38,451)</u>	<u>(1,777,701)</u>
Total capital	54,413,365	46,349,608	29,482,114	29,526,437
Net debt/(cash)	<u>57,640,226</u>	<u>46,597,734</u>	<u>(38,451)</u>	<u>(1,777,701)</u>
Total capital plus net debt	<u>112,053,591</u>	<u>92,947,342</u>	<u>29,443,663</u>	<u>27,748,736</u>
Gearing ratio	<u>51%</u>	<u>50%</u>	<u>*</u>	<u>*</u>

\* No gearing ratio is presented as the Company is in net cash position.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Trade receivables and deposits with financial institutions could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are the customers of the Group and licensed financial institutions. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk. The Group manages credit risk on lease receivables with its lease arrangement.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The credit period is generally for a period of thirty (30) to seventy-five (75) days, extending up to ninety (90) days. The Group consistently monitors its outstanding receivables to minimise credit risk.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is substantially represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

One (2021: One) major customer with revenue equal or more than ten (10) percent of the Group's revenue amounting to RM17,259,657 (2021: RM21,342,511).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(i) Credit risk (continued)

Credit risk concentration profile (continued)

At the end of the reporting period, approximately 35% (2021: 32%) of the trade receivables of the Group were due from one major customer which is a multinational company (2021: one major customer which is a multinational company) located in Malaysia.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk are the risks that the Group will not be able to meet their financial obligations when they fall due. The exposure of the Group to liquidity risk arises principally from their various payables.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Owing to the nature of its businesses, the Group always maintains sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
<b>31 December 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	10,714,580	1,422,444	0	12,137,024
Lease liabilities	3,495,297	5,508,590	0	9,003,887
Borrowings	18,252,858	23,910,016	36,165,726	78,328,600
Total undiscounted liabilities	<u>32,462,735</u>	<u>30,841,050</u>	<u>36,165,726</u>	<u>99,469,511</u>
<b>31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	11,020,323	1,936,567	0	12,956,890
Lease liabilities	3,383,064	4,911,829	43,000	8,337,893
Borrowings	13,063,941	19,170,733	26,005,513	58,240,187
Total undiscounted liabilities	<u>27,467,328</u>	<u>26,019,129</u>	<u>26,048,513</u>	<u>79,534,970</u>

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations (continued):

<b>Company</b>	<b>On demand or within one (1) year RM</b>	<b>One (1) to five (5) years RM</b>	<b>More than five (5) years RM</b>	<b>Total RM</b>
<b>31 December 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	24,340	0	0	24,340
Total undiscounted liabilities	<u>24,340</u>	<u>0</u>	<u>0</u>	<u>24,340</u>
<b>31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	30,869	0	0	30,869
Total undiscounted liabilities	<u>30,869</u>	<u>0</u>	<u>0</u>	<u>30,869</u>

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily in United States Dollar ('USD'). The Group also holds cash and bank balances denominated in USD for working capital purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant:

	<b>Effect on profit after tax</b>	
	<b>Increase/(Decrease)</b>	
	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
USD/RM - strengthen by 10% (2021: 10%)	152,081	165,950
- weaken by 10% (2021: 10%)	<u>(152,081)</u>	<u>(165,950)</u>

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from their borrowings, lease liabilities, amount owing to ultimate holding company, amount owing by an associate and subsidiaries. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(iv) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

	<b>Effect on profit after tax (Decrease)/Increase Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
- Increase by 0.5% (2021: 0.1%)	(180,187)	(33,528)
- Decrease by 0.5% (2021: 0.1%)	<u>180,187</u>	<u>33,528</u>
	<b>Effect on profit after tax (Decrease)/Increase Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
- Increase by 0.5% (2021: 0.1%)	(13,999)	(1,545)
- Decrease by 0.5% (2021: 0.1%)	<u>13,999</u>	<u>1,545</u>

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates (“WAEIR”) as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	WAEIR %	Within		One (1) to		Two (2) to		Three (3) to		Four (4) to		More than		Total
			one (1) year	RM	two (2) years	RM	three (3) years	RM	four (4) years	RM	five (5) years	RM	five (5) years	RM	
<b>31 December 2022</b>															
<b>Fixed rates</b>															
Lease liabilities	6.1	3.04	(3,145,308)		(2,037,170)		(1,649,823)		(984,568)		(451,381)		0		(8,268,250)
Amount owing to ultimate															
holding company	16	4.50	(444,167)		(444,167)		(444,167)		(444,166)		0		0		(1,776,667)
Bankers' acceptances	14	3.57	(8,219,112)		0		0		0		0		0		(8,219,112)
<b>Floating rates</b>															
Amount owing by an															
associate	10	4.65	188,170		0		0		0		0		0		188,170
Bank overdraft	14	6.90	(3,303,542)		0		0		0		0		0		(3,303,542)
Term loans	14	4.60	(4,707,994)		(4,330,115)		(3,951,100)		(4,193,870)		(2,434,846)		(24,684,373)		(44,302,298)

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

Group	Note	WAEIR %	RM					Total RM	
			Within one (1) year	One (1) to two (2) years	Two (2) to three (3) years	Three (3) to four (4) years	Four (4) to five (5) years		More than five (5) years
<b>31 December 2021</b>									
<b>Fixed rates</b>									
Lease liabilities	6.1	2.90	(3,060,934)	(2,234,603)	(1,125,774)	(871,538)	(381,168)	(42,085)	(7,716,102)
Amount owing to ultimate holding company	16	4.50	(446,852)	(444,167)	(444,167)	(444,167)	(444,166)	0	(2,223,519)
Bankers' acceptances	14	2.74	(5,660,421)	0	0	0	0	0	(5,660,421)
<b>Floating rates</b>									
Bank overdraft	14	6.14	(2,469,135)	0	0	0	0	0	(2,469,135)
Term loans	14	4.09	(3,528,088)	(3,825,444)	(3,300,047)	(3,386,410)	(3,954,314)	(17,991,356)	(35,985,659)

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**24. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates (“WAEIR”) as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

Company	Note	WAEIR %	Within	One (1) to	Two (2) to	Three (3) to	Four (4) to	More than	Total
			one (1) year RM	two (2) years RM	three (3) years RM	four (4) years RM	five (5) years RM	five (5) years RM	
<b>31 December 2022</b>									
<b>Float rate</b>									
Amounts owing by subsidiaries	10	4.65	3,684,005	0	0	0	0	0	3,684,005
<b>31 December 2021</b>									
<b>Float rate</b>									
Amounts owing by subsidiaries	10	3.96	2,032,777	0	0	0	0	0	2,032,777

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2022**

**25. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR**

On 28 February 2022, a wholly-owned subsidiary of the Group, Jishan Pack Sdn. Bhd. has entered into two (2) sale and purchase agreements with third parties for the acquisitions of two (2) parcels of adjoining freehold vacant land for a total cash consideration of RM7,794,745. The acquisitions has been completed on 28 June 2022.

Following the acquisitions of the freehold land, the new manufacturing facilities with built-up area of approximately 9,771 square meters will be constructed on the land.

On 2 December 2022, JSP has entered into a construction contract for a total consideration of RM19.13 million. Subsequently on 15 February 2023, JSP had issued through consultant the letter of award for mechanical and electrical works and firefighting installation work for a total consideration of RM4.89 million.

**26. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**

**26.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

<b>Title</b>	<b>Effective Date</b>
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the above Amendments to Standards did not have any material effect on the financial performance or position of the Group and the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**26. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

**26.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

<b>Title</b>	<b>Effective Date</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax Related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2022**

**27. LITIGATION**

On 21 December 2021, the external party of two (2) individuals (collectively known as "Plaintiffs") has commenced legal proceedings against Jishan Packaging Hub Sdn. Bhd. ("JSPH") wherein it is alleged, *inter alia*, that JSPH was being accused of storing, offering and making available for sale egg tray which infringed the design features and configurations owned by the Plaintiffs and registered with the Intellectual Property Corporation of Malaysia.

The Writ of Summons and Statement of Claim, both dated 31 March 2022, were served on JSPH on 4 April 2022. JSPH, through its solicitors, has filed its Memorandum of Appearance and the Statement of Defence with the Kuala Lumpur High Court on 12 April 2022 and 27 April 2022, respectively.

On 3 January 2023, the Plaintiffs and JSPH agreed to settle the matter out of court with a settlement sum of RM70,000.

JSPH has accrued the amount of RM70,000 as at 31 December 2022 and subsequently paid the settlement sum on 6 January 2023. The case has therefore been settled and there is no other litigation as at the date of this report.