APOLLO

APOLLO FOOD HOLDINGS BERHAD

199401005792 (291471-M)

ANNUAL REPORT 2023

APOLLO FOOD HOLDINGS BERHAD
199401005792 (291471-M)

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of Apollo Food Holdings Berhad [Registration No.: 199401005792 (291471-M)] will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its TIIH Online website at https://tiih.online on Tuesday, 17 October 2023 at 9:00 a.m. for the following purposes: -

AGENDA

Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 30 April 2023 and the Reports of the Directors and Auditors thereon.	*(Please refer to Explanatory Note 1)*
2.	To approve a single tier final dividend of 15 sen per share for the financial year ended 30 April 2023.	*Resolution 1*
3.	To approve the payment of Directors' Fees for the financial year ended 30 April 2023.	*Resolution 2*
4.	To approve the payment of Directors' benefits at the capping amount of RM60,000.00 from 18 October 2023 to the next Annual General Meeting of the Company to be held in year 2024.	*Resolution 3*
5.	To re-elect the following Directors retiring in accordance with the Constitution of the Company:	
	(i) Ms Foo Swee Eng - Clause 76(3)	*Resolution 4*
	(ii) Mr Johnson Kandasamy A/L David Nagappan - Clause 76(3)	*Resolution 5*
6.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	*Resolution 6*

Special Business

To consider and, if thought fit, to pass with or without any modification(s), the following Ordinary Resolution:

7. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016

By Order of the Board
APOLLO FOOD HOLDINGS BERHAD

Yong May Li (LS 0000295) (SSM PC No.: 202008000285)
Wong Chee Yin (MAICSA 7023530) (SSM PC No.: 202008001953)
Company Secretaries

Johor Bahru
Date: 25 August 2023

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes:-

1. The 29th AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Share Registrar" or "Tricor" or "TIIH") in Malaysia via its TIIH Online website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at this 29th AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members/proxies/corporate representatives/attorneys are advised to follow the procedures of RPV as stated in the Administrative Guide of the 29th AGM.

2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

3. For the purpose of determining who shall be entitled to participate this 29th AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at **09 October 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to participate this 29th AGM via RPV.

4. A member entitled to participate at this 29th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

5. A member of the Company who is entitled to participate at the 29th AGM of the Company may appoint not more than two (2) proxies to participate instead of the member at the Annual General Meeting.

6. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

7. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

9. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

10. The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of appointment made in hardcopy form, the Form of Proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the Form of Proxy must be deposited via **TIIH Online** at https://tiih.online. Please follow the procedure as set out in the Administrative Guide of the 29th AGM for the electronic lodgement of Form of Proxy. All Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes (continued):-

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

12. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

13. Last date and time for lodging the Form of Proxy is **Sunday, 15 October 2023** at **9.00 a.m.**

14. For a corporate member who has appointed a representative instead of a proxy to participate this meeting must request authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide of the 29th AGM.

Explanatory Notes:

Ordinary Business

1. **Item 1 of the Agenda**
Explanatory Note 1
Agenda 1 is meant for discussion only as the provision of the Companies Act, 2016 does not require a formal approval of the Shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

CLOSURE OF BOOKS

To determine shareholders' entitlement to the dividend payment, if approved at the 29th Annual General Meeting of the Company, the Share transfer books and Register of Members will be closed on 18 October 2023.

The dividend, if approved, will be paid on 03 November 2023 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 18 October 2023.

A depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the depositor's securities account before 5.00 p.m. on 18 October 2023 in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The 29th Annual General Meeting of Apollo Food Holdings Berhad will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at via its website at https://tiih.online on Tuesday, 17 October 2023 at 9:00 a.m.

Directors standing for election/re-election

There is no person standing for election/re-election as Director of the Company at 29th Annual General Meeting of the Company except for the following Directors:

Name of Director	Clause of Constitution
Ms Foo Swee Eng	76(3)
Mr Johnson Kandasamy A/L David Nagappan	76(3)

The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on their character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The profiles of the Directors standing for election/re-election are set out in Directors' Profile on pages 30 to 31 of the 2023 Annual Report.

GROUP STRUCTURE

APOLLO FOOD HOLDINGS BERHAD
199401005792 (291471-M)

Apollo Food Industries (M) Sdn Bhd
198901011967 (189274-V)

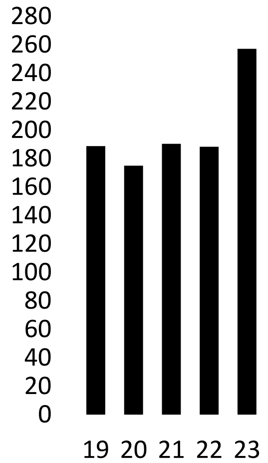
100%

Hap Huat Food Industries Sdn Bhd
197601003264 (29228-W)

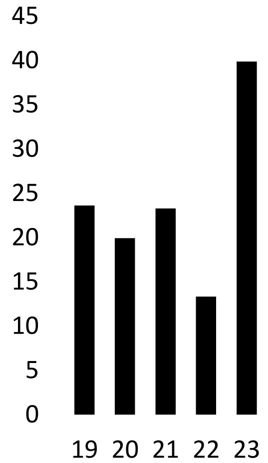
100%

FINANCIAL HIGHLIGHTS

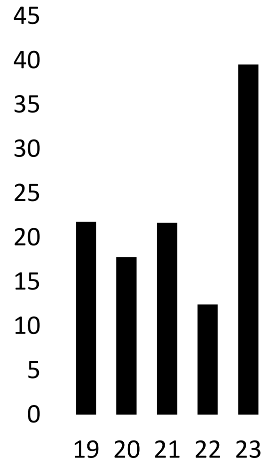
Revenue
(RM Million)



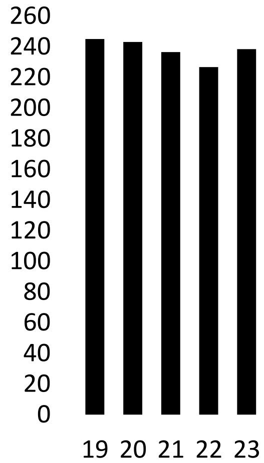
Profit Before Tax
(RM Million)



Earnings Per Share
(Sen)



Net Assets
(RM Million)



Group	2019	2020	2021	2022	2023
Financial results (RM'000)					
Revenue	188,835	174,935	190,387	188,266	257,106
Profit Before Tax	23,607	19,942	23,282	13,330	39,881
Profit After Tax	17,425	14,244	17,340	9,972	31,648
Profit Attributable to Members	17,425	14,244	17,340	9,972	31,648
Dividends	16,000	16,000	24,000	20,000	20,000
Financed by (RM'000)					
Shareholders' Funds	245,041	243,285	236,625	226,861	238,510
Net Assets	245,041	243,285	236,625	226,861	238,510
Statistics					
Earnings Per Share (Sen)	21.78	17.81	21.67	12.46	39.56
Gross Dividend Per Share (Sen)	20.00	20.00	30.00	25.00	25.00
Net Assets Per Share (RM)	3.06	3.04	2.96	2.84	2.98

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Liang Chiang Heng	*(Executive Chairman)*
Mr. Liang Kim Poh	*(Executive Director cum Managing Director)*
Ms. Foo Swee Eng	*(Independent Non-Executive Director)*
En. Halid Bin Hasbullah	*(Independent Non-Executive Director)*
Mr. Johnson Kandasamy A/L David Nagappan	*(Independent Non-Executive Director)*

COMPANY SECRETARIES

Ms. Yong May Li (LS 0000295) [SSM PC No.: 202008000285]
Ms. Wong Chee Yin (MAICSA 7023530) [SSM PC No.: 202008001953]

REGISTERED OFFICE

Suite 1301, 13th Floor, City Plaza
Jalan Tebrau, 80300 Johor Bahru
Johor Darul Takzim
Tel No : 07-3322088
Fax No : 07-3328096

PRINCIPAL PLACE OF BUSINESS

70, Jalan Langkasuka, Larkin Industrial Area
80350 Johor Bahru, Johor Darul Takzim
Tel No : 07-2365096 / 2365097
Fax No : 07-2374748
Email : apollof@apollofood.com.my

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
Registration No.: 197101000970(11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel No : 03-27839299
Fax No : 03-27839222
E-mail : is.enquiry@my.tricorglobal.com

AUDITORS

Messrs BDO PLT (LLP0018825-LCA & AF0206)
Suite 18-04, Level 18, Menara Zurich
15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru, Johor Darul Takzim
Tel No : 07-3319815
Fax No : 07-3319817

PRINCIPAL BANKERS

AmBank (M) Berhad
AmFunds Management Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

COMPANY'S WEBSITE

www.apollofood.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board recognises the importance of good governance to support the Group's continued growth and success. The Board committed to continuously improving and enhancing the Group's procedures from time to time to ensure that the principles and best practices in corporate governance recommended in the Malaysian Code on Corporate Governance 2021 ("the Code") are applied within the Group to protect and enhance its shareholders' value.

The Group has complied substantially with the principles and best practices outlined in the Code as indicated in the Corporate Governance Report ("CG Report") which is available at the Company's official website: www.apollofood.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has an overall responsibility for the proper conduct of the Company's business and plays an active role in directing management in an effective and responsible manner.

The Board has adopted most of the recommendations as prescribed in the Code to effectively lead the Group, and retain full and effective control of the Group. This includes responsibility for determining the Group's overall strategic direction, development and control. Key matters, such as reviewing the performance of the Group, overseeing the corporate governance and conduct of the Group's business, approval of annual and quarterly results, acquisitions and disposals of assets, as well as material agreements and major capital expenditures are reserved for the Board.

The Board had delegated certain responsibilities to the Audit Committee, the Nomination Committee and the Remuneration Committee. These Board Committees have the authority to examine specific issues and forward their recommendations to the Board which is ultimately responsible for making the final decision.

A Whistleblowing Policy is also established to allow individuals to raise concerns of misconducts and criminal offences in the workplace. The Board has adopted a zero-tolerance approach against all forms of bribery and corruption and has put in place an Anti-Bribery and Corruption Policy.

The Group's Board Charter, Code of Conduct and Ethics, Whistleblowing Policy, and Anti-Bribery and Corruption Policy are available at the Company's official website: www.apollofood.com.my.

Board Composition and Balance

As at end of the financial year, the Board consists of five (5) Directors:

Two (2) Executive Directors (including the Executive Chairman and Managing Director)
Three (3) Independent Non-Executive Directors

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR" and "Bursa Securities"). The key element of fulfilling the criteria is the appointment of an Independent Director, who is not a member of the management (a Non-Executive Director) and is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and shareholders.

The presence of majority Independent Non-Executive Directors thereby bringing objective, independent judgement to the decision making process. As and when any potential conflict of interest may arise, the Director concerned will declare his/her interest and abstain from the decision-making process and remain in a position to fulfil his/her responsibility to provide a check and balance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Composition and Balance (continued)

The Board recognizes the benefits of having a diverse Board composition in terms of age and ethnicity, as well as experience, expertise, skills and perspectives. The Board comprises an appropriate composition of Directors with diverse experience and expertise required for the effective stewardship of the Group and independence in decision making at Board level. In line with the Code's Practice 1.3, the positions of Executive Chairman and Managing Director are held by different individuals. The Board is headed by an Executive Chairman who is responsible to lead the Board in its collective oversight of management whilst the Managing Director is primarily responsible in implementing the Board's decisions and oversees the Group's business and day-to-day management. Although the Executive Chairman is a Non-Independent Director, the Board is of the view that there are sufficient experienced and independent minded Directors to ensure adequate check and balance of authority exists in the Board. Given that the Board comprises majority of Independent Directors, independent judgement is able to be exercised with strong independent element within the Board. The Executive Chairman has considerable experience in the Group's business and is able to provide leadership to the Board in considering and setting the overall strategies and objectives of the Group. The Board is of the view that it is in the best interest of the Group to the above arrangement so that the Group could be benefited from the Executive Chairman who is well versed about the Group's business and is capable to guide discussion and brief the Board in a timely manner on key issues and developments.

The Code recommends the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to re-designation as a Non-Independent Director. If the Board intends to retain an Independent Director who have served the Board for more than nine (9) years, the Board should provide justification and seek shareholders' approval through a two-tier voting process during the annual general meeting. This is in accordance with the Constitution of the Company which is in line with the Practice 5.3 of the Code.

As at 30 April 2023, none of the Independent Directors have held the position for a cumulative term of more than nine (9) years.

The Group has set up a formal policy on gender diversity to encourage women's participation in decision-making positions within the Board and senior management levels. The Board recognizes that a gender diverse Board can offer greater benefits, depth and breadth to the Group's business strategies. The Board also believes it is important to recruit and retain the best qualified individual who possesses the requisite skills, knowledge, experience, independence, foresight and good judgement to contribute effectively to the Board, regardless of age, gender, race or religion. The Group's gender diversity policy is available on the Company's website: www.apollofood.com.my.

As at 30 April 2023, the Board of Directors comprises of five (5) members, one (1) of whom is a female Director, namely Ms Foo Swee Eng. The Board will continue its endeavour to meet the gender diversity target of 30% women directors' participation in line with the Practice 5.9 of the Code.

No Senior Independent Director was appointed as the Board is of the view that all Directors should shoulder the responsibility collectively.

A brief profile of each Director is presented on pages 30 and 31 of the 2023 Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Board Meetings

All Board and Board Committees meetings are scheduled in advance at the beginning of each financial year to enable Directors to plan ahead and maximise their attendance. The Board generally meets four (4) times a year with additional meetings convened as and when necessary. During the financial year ended 30 April 2023, the Board met five (5) times and one (1) time for non-executive directors' meeting, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments, strategic decisions, business plan and direction of the Group. All the Directors have complied with the minimum 50% attendance as required by Paragraph 15.05 of the Main LR. The Company Secretary attends all Board meetings, and all proceedings and conclusions from the Board and Board Committees meetings are minuted and signed by the Chairman of the respective Board and Board Committee.

In the periods between the Board Meetings, Board approvals were sought via circular resolutions, which were attached with sufficient information required to make informed decision.

Details of Board members attendance at Board are as follows:

Director	Number of Board meetings held during the year	Number of meetings attended by Directors
Liang Chiang Heng	5	5
Liang Kim Poh	5	5
Foo Swee Eng	5	5
Halid Bin Hasbullah	5	5
Johnson Kandasamy A/L David Nagappan	5	5

Supply of Information

The Board is assisted by two (2) external company secretaries in discharging its responsibilities. Notices, agenda, Board papers, and other meeting materials of each Board and Board Committees meeting are issued in a timely manner – five business days prior to the Board and Board Committees meetings to enable Directors to obtain further explanations/clarifications, where necessary, in order to be properly briefed before the meetings.

All Directors have access to the advice and services of the Company Secretary in carrying out their duties. If necessary, the Directors may seek external advice and call for additional clarification and data from the management to assist them in forming their opinion and findings in making Board decisions.

Directors' Training

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to the regulatory requirements and the impact of such regulatory requirements on the Group.

All the Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd) within the stipulated timeframe required by the Main LR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Directors' Training (continued)

During the financial year, the Directors had attended the training programmes as follows:

Director	Training Programme Attended
Liang Chiang Heng	• The Value of Enterprise Risk Management in Strategic Planning
Liang Kim Poh	• The Value of Enterprise Risk Management in Strategic Planning
Foo Swee Eng	• AOB Conversation with Audit Committees • Audit Committee Conference 2022 • The Value of Enterprise Risk Management in Strategic Planning
Halid Bin Hasbullah	• The Value of Enterprise Risk Management in Strategic Planning
Johnson Kandasamy A/L David Nagappan	• Audit Committee Conference 2022 • MIA Virtual Conference Series: MPERS and SMEs Financial Reporting Conference 2022 • The Value of Enterprise Risk Management in Strategic Planning • Webinar Series: Planning & Risk Assessment in Audits of Financial Statements

The Directors will continue to attend relevant seminars and programmes to further enhance their skills and knowledge and to keep abreast with relevant changes and developments in the market place to assist them in the discharge of their stewardship role.

Appointment and Re-election of Directors

The Nomination Committee is responsible for the identification and making of recommendations on any nomination of new Directors to the Board and ensuring the appointments of individuals with appropriate experience and knowledge to fulfil the duties of a Director. There is an informal familiarisation programme in place for new Directors, which included visit to the factory and meeting with the senior management as appropriate, to facilitate their understanding of the Company's business and operations.

In accordance with the Company's Constitution, nearest to one-third (1/3) of the Directors, including the Managing Director, shall retire from office at every Annual General Meeting but shall be eligible for re-election provided always that all Director shall retire at least once every three years.

Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments.

The names of Directors seeking for re-election at the forthcoming Annual General Meeting are disclosed in the Notice of Annual General Meeting in this Annual Report.

Remuneration Committee

The Remuneration Committee was established on 29 June 2000 with clear defined terms of reference of which is available at the Company's official website: www.apollofood.com.my. It comprises three (3) Independent Non-Executive Directors and its composition is as follows:

<u>Chairman</u>	
Halid Bin Hasbullah	Independent Non-Executive Director
<u>Members</u>	
Foo Swee Eng	Independent Non-Executive Director
Johnson Kandasamy A/L David Nagappan	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Remuneration Committee (continued)

The Committee meets at least once (1) a year. The Remuneration Committee reviews and makes recommendations to the Board on the remuneration and other entitlements for all Directors and Senior Management and to ensure Executive Directors and Senior Management are rewarded appropriately for their contribution to the Group's growth and profitability. Remuneration of Non-Executive Directors is linked to their level of responsibilities.

The Committee met twice (2) during the financial year ended 30 April 2023. The attendance of each committee member was as follows:

Director	Total number of meetings held during the year	Number of meetings attended by Directors
Foo Swee Eng	2	2
Halid Bin Hasbullah	2	2
Johnson Kandasamy A/L David Nagappan	2	2

The Executive Directors and Senior Management play no part in the deliberations and decisions on their remuneration. The remuneration and entitlements of Non-Executive Directors are decided by the Remuneration Committee with the Director concerned abstaining from deliberations and voting on decisions in respect of his/her remuneration.

The Directors' fees, Directors' remuneration and other benefits are subject to shareholders' approval at the Annual General Meeting. Aggregate remuneration of the Directors categorised into appropriate components for the financial year ended 30 April 2023 are as follows:

	Salaries, Bonus and Allowances RM	Other Emoluments RM	Defined Contribution Plans RM	Fees RM	Total RM
Executive Directors					
Liang Chiang Heng	4,521,257	-	518,662	70,000	5,109,919
Liang Kim Poh	2,374,806	-	271,795	50,000	2,696,601
Sub-total	**6,896,063**	**-**	**790,457**	**120,000**	**7,806,520**
Non-Executive Directors					
Foo Swee Eng	*8,250	20,000	-	63,333	91,583
Halid Bin Hasbullah	*7,500	-	-	60,000	67,500
Johnson Kandasamy A/L David Nagappan	*8,250	-	-	56,667	64,917
Sub-total	**24,000**	**20,000**	**-**	**180,000**	**224,000**
Total	**6,920,063**	**20,000**	**790,457**	**300,000**	**8,030,520**

*Meeting allowances only

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Remuneration Committee (continued)

Aggregate remuneration of the senior management within the band of RM50,000 for the financial year ended 30 April 2023 are as follows:

Senior Management	Range of Remuneration RM
Liang Kim Tee (Resigned on 30 June 2023)	1,800,001-1,850,000
Liang Thong Guan	1,350,001-1,400,000
Lim Ka Ming	200,001-250,000
Tan Sew Eng	100,001-150,000

Nomination Committee

The Nomination Committee was established on 23 March 2000 with clear defined terms of reference of which is available at the Company's official website: www.apollofood.com.my. It comprises three (3) Independent Non-Executive Directors and its composition is as follows:

Chairman
Foo Swee Eng — Independent Non-Executive Director

Members
Halid Bin Hasbullah — Independent Non-Executive Director
Johnson Kandasamy A/L David Nagappan — Independent Non-Executive Director

The Committee is responsible for making recommendations to the Board on appointment of all new members to the Board and Committees of the Board. The Committee has extended its roles to include the appointment of senior management in compliance with the Code's Practice 5.5. The Committee has established a formal and transparent procedure for such appointments.

The Committee reviews annually the performance of the Board, Board Committees, and individual Directors as well as the required mix of skills and experience of the Directors on the Board in determining the appropriate balance and size of Executive and Non-Executive as well as Independent and Non-Independent participation. Self assessment and peer review are carried out and facilitated by Company Secretary during the annual evaluation.

The Nomination Committee meeting will be held at least once (1) annually. The Nomination Committee met once (1) during the financial year ended 30 April 2023 and it was attended by all of its members.

The Chairman of the Nomination Committee is an Independent Non-Executive Director as per the Code's Practice 5.8 namely, Ms Foo Swee Eng. By virtue of her vast experience, the Board believes that the Chairman of the Nomination Committee is competent and capable to lead the Nomination Committee in ensuring that the Board composition meets the needs of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The composition of membership and the terms of reference of the Audit Committee and other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report set out on pages 19 to 21 of the Annual Report.

Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors take responsibility to present a balanced and accurate assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising the information for disclosure to ensure accuracy and transparency.

Risk Management and Internal Controls

The Board acknowledges its responsibility of maintaining a sound system of internal controls covering not only financial controls but also operational and compliance controls as well as risk assessments. The internal control system is designed to meet the Group's particular needs and to manage and minimise the risks to which it is exposed. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement, fraud or loss. Ongoing reviews are continuously being carried out to ensure the effectiveness, adequacy and integrity of the risk management framework and internal control systems in safeguarding the Group's assets and therefore shareholders' investment in the Group.

The internal auditors report independently to the Audit Committee. The Statement of Risk Management and Internal Control is set out on pages 22 to 29 of the Annual Report.

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The Company maintained a formal and transparent relationship with its auditors to ensure compliance with the applicable accounting standards in Malaysia.

During the financial year, the Audit Committee met twice (2) with the external auditors without the presence of the Executive Directors and Senior Management. The external auditors have also confirmed with the Audit Committee that they have been independent throughout the conduct of the audit engagement in accordance with the independence rules of the Malaysian Institute of Accountants and International Ethics Standards Board for Accountants.

Shareholders Relations

The Company maintains a policy of disseminating information that is material for shareholders' attention through announcements and release of financial results on a quarterly basis, which provide the shareholders and the investing public with an overview of the Group's performance and operations.

At the Annual General Meeting of the Company, the Directors welcome the opportunity to gather the views of shareholders. Notices of each meeting are issued on a timely manner to all, and in the case of special business, a statement explaining the effect of the proposed resolutions is provided. Upon request, the Managing Director will also meet up with institutional investors, press and investment analysts to explain to them the Group's operations to give them a better understanding of the Group's business, but also to ensure that price sensitive information regarded as material undisclosed information about the Group is not revealed until after the prescribed announcement has been made to Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

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

Corporate Social Responsibility

The Group is committed to be a successful and responsible corporate citizen by not just delivering quality products and services and generating attractive returns to our customers and shareholders, but also recognising that it is our corporate social responsibility to ensure that we conduct our business in an ethical, professional and socially responsible manner. As we strive to achieve this aim, we recognise our responsibility to our employees, business associates and community with whom we conduct our business as well as the environment we operate in.

The Group has always endeavoured to safeguard the welfare of its employees by recognising its employees as an important asset. Occupational Safety and Health Programme have been established to provide a safe and healthy workplace and environment for the employees and visitors.

Employees are also provided with the necessary training on an ongoing basis to further enhance their skills and knowledge.

On community welfare, the Group has from time to time sponsored company products to various organisations, associations and schools for them to carry out their various activities.

The Group adheres strictly to all applicable environmental laws and regulations. Production processes are being constantly monitored and upgraded to ensure compliance with any changes in the environmental laws and regulations. Employees are encouraged to reduce wastage in operation and office resources at all times. The Group is committed to seek continuous improvements in its operations to minimise any negative impact on the environment.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main LR, the following additional information is provided:-

(a) Recurrent Related Party Transactions (RRPT)
The Company did not have any recurrent related party transactions of revenue nature for the financial year ended 30 April 2023.

(b) Utilisation of Proceeds
No proceeds were raised by the Company from any corporate proposal during the financial year.

(c) Deviation in Financial Results
There was no deviation between the results for the financial year and the unaudited results previously announced.

(d) Audit and Non-audit Fees
The amount of audit and non-audit fees paid to external auditors and its affiliated company during the financial year ended 30 April 2023 are as follows:

	Group RM	**Company RM**
Audit fees	107,000	30,000
Non-audit fees	4,000	4,000
Other service	19,800	3,600

(e) Material Contracts
There were no material contracts outside the ordinary course of business, including contract relating to loan, entered into by the Company and/or its subsidiaries involving Directors and major shareholders that are still subsisting at the end of the financial year or which were entered into since the end of the previous financial year.

(f) Revaluation Policy
There was no revaluation performed on all properties of the Group during the financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 ("Act") in Malaysia and to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

During the preparation of the financial statements for the financial year ended 30 April 2023, the Directors have ensured that:

- The Group and the Company have used appropriate accounting policies which are consistently applied;
- Reasonable judgements and estimates that are prudent and reasonable have been made; and
- All applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia have been followed.

The accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy on the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

AUDIT COMMITTEE'S REPORT

The Audit Committee ("Committee") adopted the terms of reference which is available at the Company's official website: www.apollofood.com.my

COMPOSITION OF MEMBERS

For the financial year ended 30 April 2023, the Committee comprised the following members:-

Chairman
Johnson Kandasamy A/L David Nagappan (Redesignated on 01 September 2022) — Independent Non-Executive Director

Members
Foo Swee Eng (Redesignated on 01 September 2022) — Independent Non-Executive Director
Halid Bin Hasbullah — Independent Non-Executive Director

ACTIVITIES OF THE COMMITTEE

The Committee met five (5) times during the financial year ended 30 April 2023. The attendance of each Committee member was as follows:

Director	Total number of meetings held during the year	Number of meetings attended by Directors
Foo Swee Eng	5	5
Halid Bin Hasbullah	5	5
Johnson Kandasamy A/L David Nagappan	5	5

The activities undertaken by the Audit Committee in the discharge of its duties and responsibilities for the financial year under review included the following:

Financial Reporting

i. Reviewed the audited financial statements together with Directors' and Auditors' Report thereon prior to submission to the Board for their consideration and approval.

   The audited financial statements were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

ii. Reviewed the Group's unaudited quarterly reports and announcements before recommending them for the Board's consideration and approval.

   The unaudited quarterly financial results for the first quarter ended 31 July 2022, second quarter ended 31 October 2022, third quarter ended 31 January 2023 and fourth quarter ended 30 April 2023 were tabled at the meetings held on 27 September 2022, 22 December 2022, 28 March 2023 and 22 June 2023 respectively.

AUDIT COMMITTEE'S REPORT (continued)

ACTIVITIES OF THE COMMITTEE (continued)

External Audit

i. Reviewed and recommended to the Board on the re-appointment of Messrs BDO as external auditors for the next financial year.

ii. Reviewed and discussed with the external auditor on audit findings and outstanding matters.

iii. Reviewed the external auditors' audit planning memorandum which included the audit engagement and reporting responsibilities, audit approaches, areas of significant auditor attention, proposed audit deliverable timelines and proposed statutory audit fees to ensure effective and efficient financial reporting and disclosures under the applicable financial reporting standard.

iv. Reviewed the competency and independence of external auditors for the year.

v. Met twice (2) with the external auditors without the presence of any executive Board members and management personnel.

Internal Audit

i. Reviewed the methodology, approach, scope and frequency of the proposed internal audit plan.

ii. Reviewed the internal audit reports which include the summary of internal audit results, recommendations suggested by internal auditors, management's response and follow-up actions taken by management on such recommendations for the financial year.

iii. Met twice (2) with the internal auditors without the presence of any executive Board members and management personnel.

iv. Reviewed the competency and independence of internal auditors for the year.

The internal audit function of the Group is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, which reports directly to the Audit Committee. The internal audit function assists the Board in assessing the adequacy and operating effectiveness of the internal control system established by Management based on an agreed scope of work approved by the Audit Committee.

The activities carried out by the internal auditors for the financial year ended 30 April 2023 included the following:

i. Prepared annual internal audit plan for Audit Committee's review and approval;

ii. Assessed the adequacy and effectiveness of the governance, risk and control structures, compliance with the Group's policies and procedures based on approved internal audit plan;

iii. Proposed recommendation for the internal audit issues highlighted to the Audit Committee; and

iv. Provided status of formulation of respective management action plans in relation to the internal audit findings for previous internal audit cycle conducted and its progress of implementation to the Audit Committee.

An overview on the details of internal audit function and state of risk management and internal control is set out in the Statement on Risk Management and Internal Control on pages 22 to 29 of the Annual Report.

AUDIT COMMITTEE'S REPORT (continued)

ACTIVITIES OF THE COMMITTEE (continued)

Others

i. Reported to and updated the Board on significant issues and concerns discussed during the Committee and where appropriate made the necessary recommendations to the Board; and

ii. Reviewed relevant information and statements prior to the Board's approval for inclusion in the Company's annual report.

    The statements, include but not limited to, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Management Discussion and Analysis Statement, Director's Responsibility Statement, and Audit Committee Report.

iii. Discussed any other matters raised during the meeting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Main LR") in relation to requirement to prepare statement about the state of risk management and internal control system of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Board of Directors ("the Board") of Apollo Food Holdings Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the statement on the state of risk management and internal control system of the Group for the financial year ended 30 April 2023 and up to the date of approval of this statement. The scope of this Statement includes the Company and all its operating subsidiaries.

BOARD RESPONSIBILITY

The Board of Directors affirms its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is committed to the establishment and maintenance of an appropriate control environment and governance framework that is embedded into the corporate culture, processes and strategies of the Group as well as to articulate and implement risk management and internal control system. The Board is establishing risk appetite of the Group based on the strategies, business objectives, internal and external business context, business nature and corporate lifecycle.

The Board delegates the duty of risk identification, risk analysis, risk assessment and evaluation, management of key risks (including continuous review and monitoring of existing and emerging key risks) to the Executive Chairman and its governance oversight role to the Audit Committee, through terms of reference approved by the Board, in order to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control system of the Group. Through the Audit Committee, the Board is kept informed on all significant risk and control issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditors.

The system of internal control includes, inter-alia, control environment, risk identification and assessment, control activities, information and communication as well as monitoring activities. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

RISK MANAGEMENT

The Board maintains an on-going commitment for identification, analysis, assessment and evaluation, management of key risks (including continuous review and monitoring of existing and emerging key risks) faced by the Group during the financial year under review. The Board, via the Risk Management Committee established by the Executive Chairman, had put in place structured Risk Management Policy in order to manage key risks faced by the Group adequately and effectively. The responsibilities for identification, analysis, assessment and evaluation, management of the strategic, governance, operational and fraud risks (including continuous review and monitoring of existing and emerging key risks) are delegated to the Executive Chairman and executed by the Risk Management Committee, led by Technical Director.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

RISK MANAGEMENT (continued)

The Risk Management Policy defines the risk management processes to be employed. The systematic risk management process is employed by the Risk Owners and Risk Management Committee for identification, analysis, assessment and evaluation, management of key risks identified (including continuous review and monitoring of existing and emerging key risks). Risk assessment and evaluation, at gross and residual level, are guided by the likelihood rating and impact rating established in Risk Management Policy. Risk Registers were compiled by the Risk Owners and reported to Risk Management Committee and discussed with the Executive Chairman, with the relevant key risks identified rated based on the agreed upon risk rating. The Risk Registers are used for the identification of high residual risks that requires the Risk Management Committee, the Executive Chairman, the Audit Committee and the Board's immediate attention and management of risks identified as well as for continuous risk review and monitoring.

As an important risk monitoring mechanism, the Risk Owners, with the oversight of the Risk Management Committee, is scheduled to review the Risk Registers and to assess and evaluate emerging risks identified at strategic and operational level (including sustainability, fraud and bribery related risks) on annual basis or on more frequent basis if circumstances required and to report to the Audit Committee on the results of the review, assessment and evaluation. During the financial year under review, the Risk Owners, with the oversight of the Risk Management Committee, conducted a risks review, assessment and evaluation exercise on existing strategic and key operational risks (including sustainability and fraud related risks) faced by the Group with emerging risks and opportunities assessed and incorporated into the Risk Registers for on-going review and monitoring, after taken into consideration of the internal audit findings. Subsequent to the risks review, assessment and evaluation exercise performed during the financial year under review, the results of the risk identification and assessment was tabled by the Risk Management Committee to the Audit Committee for its review and reporting to the Board.

To align the Group's anti-bribery activities to the Adequate Procedures Principle II – Risk Assessment per Guidelines on Adequate Procedures Pursuant to Subsection 5 of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 and compliance with Paragraph 15.29(c) of Main Market Listing Requirements, the Risk Owners, with the oversight by the Risk Management Committee, performed bribery risk review and assessment (covering bribery governance risks, transactional bribery risks, country and industry specific bribery risks and business relationship and opportunity risks) and tabled to the Audit Committee and Board for review and deliberation.

The Group's risk management is embedded into key processes at all levels of organisation structure whereby respective head of departments (as Risk Owners) are delegated with the responsibility to continuously identify, analyse, assess, evaluate and manage the existing and emerging risks faced by the Group, resulting from changes to internal and external business context, under their scope of responsibility by formulating and implementing adequate internal control system to manage the risk exposure identified. Changes in the key risks or emergence of new key risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information collected. Respective Risk Owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Executive Chairman for the final decision on the formulation and implementation of effective internal controls.

The Executive Directors manage key risks faced by the Group through constant communication among themselves and with respective head of departments during daily management of business operations and through scheduled operational and management meetings. Changes in the key risks faced by the Group or emergence of new key risks are highlighted to the Board by the Executive Chairman and Executive Directors for deliberation and decision making, if any.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

RISK MANAGEMENT (continued)

At strategic level, business strategies with risks consideration are formulated by the Executive Chairman and Executive Director and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the Audit Committee and the Board during the review of the financial performance of the Group in the scheduled meetings.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycles based on the internal audit plan approved by the Audit Committee.

The Group had practised the above process for the financial year under review and up to the date of approval of this statement.

Please refer to the "Risk Overview" of the Management Discussion and Analysis for the significant risks faced by the Group and the mitigation plans implemented.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are made up of five core components, i.e., Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component described as follows:

- **Board of Directors / Board Committees**

  The role, functions, composition, operation and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, Executive Chairman as well as the Managing Director are specified to preserve the independence of the Board from the Management for its oversight role.

  Board Committees (i.e., Audit Committee, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by their written terms of reference respectively.

  Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective, and to carry out its fiduciary duties. Potential business strategies are proposed by the Executive Directors for the Board's review and approval, after taking into consideration the risk appetite and responses.

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical value are enshrined in Code of Conduct and Ethics established and approved by the Board. This formal code forms the foundation of integrity and ethical value of the Group and published in the corporate website of the Group to guide directors, senior executives and all employees in ensuring appropriate corporate governance structures and standards of ethical behaviours are in place. Integrity and ethical value expected from the employees are incorporated in the Employee Handbook whereby the ethical behaviours and proper conduct expected from employees to carry out their duties and responsibilities assigned are established and stated.

  In order to maintain a high standard of ethical conduct in all business dealings throughout the Group in line with the Code of Conduct and Ethics and in compliance with the Guidelines on Adequate Procedures

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

INTERNAL CONTROL SYSTEM (continued)

- **Integrity and Ethical Value (continued)**

  Pursuant to Subsection 5 of Section 17A under the Malaysian Anti-Corruption Commission Act 2009, a formal Anti-Bribery and Corruption Policy had been put in place to prevent the risk of bribery and conflict of interest within the Group. In addition, Whistle Blowing Policy is put in place by the Board to provide a channel for employees and other stakeholders to confidentially bring to the attention of the Audit Committee Chairman and its member pertaining to any misconducts or criminal offences covered under the said policy. The Whistle Blowing Policy also aimed to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity.

  Compliance with the Code of Conduct and Ethics and relevant policies on ethics are monitored via Whistle Blowing Policy and other monitoring mechanisms and reporting channels implemented to ensure non-compliances are detected and investigated timely with appropriate corrective action, including but not limited to disciplinary actions and other actions to rectify non-compliance.

- **Organisation Structure, Accountability and Authorisation**

  The Group has a well-defined organisation structure in place with clear lines of reporting and accountability. Suitably qualified employees are employed and trained to equip them with required knowledge and skills via internal processes so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational effectiveness and efficiency. The establishment and communication of job responsibilities and accountability of performance and controls for key positions are further enhanced via the job descriptions established by the Management.

  The authorisation requirements for key processes are incorporated in the design of the control documentations and stated in the Group's policies and procedures.

- **Risk Assessment and Control Activities**

  Risk assessment (including sustainability, fraud and bribery related risks) is performed by Risk Owners, with the oversight of the Risk Management Committee, at scheduled interval or when there is change in internal and/or business context in accordance with Risk Management Policy. Control activities, as risk responses, are formulated and put in place to mitigate risks that are identified to a level acceptable by the Board, i.e., the risk appetite. The Group has documented policies and procedures that are periodically reviewed and updated to ensure its relevance to regulate key operations in compliance with its International Organisation for Standardisation ("ISO") and Good Manufacturing Practice ("GMP") certification.

- **Human Resource Policy**

  Guidelines on the human resource management and Employee Handbook are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate number of competent employees who are possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently. Training needs of employees are identified annually so that relevant trainings will be provided to employees to enhance their knowledge and skill sets.

  Performance evaluations are carried out for all levels of staffs to identify their performance gaps, for training needs identification and talent development.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

INTERNAL CONTROL SYSTEM (continued)

- **Information and Communication**

  At operational level, clear reporting lines are established across the Group and operation, and management reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision-making and execution in pursuit of the business objectives. Matters that require the Board, Executive Directors and Senior Management's attention are highlighted for review, deliberation and decision.

  The Group puts in place effective and efficient information and communication infrastructures and channels, i.e., computerised systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making. Apart from that, relevant financial and management reports are generated at different level of the organisation structure for review and decision making. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

  Communication of policies and procedures of the Group are disseminated via written form, electronic mail system and in-house trainings by respective risk or control owners.

- **Monitoring and Review**

  Executive Directors are closely and directly involved in operations and regular reviews the operational data including production, marketing and financial data. Regular operational and management meetings, supported by operational and financial reports (including key indicators) prepared by respective departments, are held to assess the Group's performance and risk factors in order to formulate and implement mitigating controls. At operational level, monitoring activities are embedded into the policies and procedures established by the Management with incidents of non-compliance and exceptions noted escalated to appropriate level of management.

  Apart from the above, the quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Board for their review.

  Furthermore, internal audits are carried out by the outsourced internal audit function (which reports directly to Audit Committee) on key risk areas identified in the Risk Registers compiled by the Risk Owners. The outsourced internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the Audit Committee.

  Internal quality audits are carried out for the purpose of compliance with ISO22000:2005 Food Safety Management System and GMP certification by in-house independent personnel to provide assurance of compliance with established ISO and GMP procedures. The monitoring of compliance with relevant laws and regulations are further enhanced by review by relevant regulatory bodies on specific areas of safety, health and environment.

  Corrective actions are formulated and implemented for incidents of non-compliance and exceptions reported with its implementation being monitored.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's governance, risk management and internal control system is outsourced to an independent professional firm, namely NeedsBridge Advisory Sdn Bhd, who, through the Audit Committee, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's governance, risk management and internal control system.

To uphold the professional firm's independence and objectivity, the outsourced internal audit function is reporting to the Audit Committee directly. The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms that include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review by the Audit Committee for its reporting to the Board for ultimate approval. To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee. The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

The engagement director of outsourced internal audit function, Mr. Pang Nam Ming, is accredited by the Institute of Internal Auditors Global as Certified Internal Auditor and for Certification in Risk Management Assurance. He is also a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his renewal as Certified Internal Auditor. The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e., Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global.

During the financial year under review, the resources allocated to the fieldworks of the internal audit performed by the outsourced internal audit function were one (1) manager or assistant manager and consultant(s) per one (1) engagement with oversight performed by the director.

Based on the review of the works performed and deliverables by the outsourced internal audit function during the financial year, the Audit Committee and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, processes, the results of the internal audit plan, processes or investigation undertaken, if any.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

INTERNAL AUDIT FUNCTION (continued)

Risk-based internal audit plan in respect of financial year ended 30 April 2023 was drafted by the outsourced internal audit function, after taking into consideration the existing and emergent key risks identified in the Risk Registers of the Group, the input of the Executive Directors and previous internal audits performed in the context of audit universe of the Group and was reviewed and approved by the Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review. The internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and the recommendations formulated by the outsourced internal audit function are based on the root cause(s) of the internal audit observations.

The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls through the review of the samples selected based on sample size for the respective audit areas calculated in accordance with the predetermined formulation, subject to the nature of testing and verification of the samples.

During financial year ended 30 April 2023, the outsourced internal audit function has conducted the review of treasury and credit control management of Apollo Food Industries (M) Sdn Bhd and anti-bribery and corruption management of the Group based on the internal audit plan approved by the Audit Committee.

Upon the completion of the individual internal audit fieldworks during the financial year, the internal audit reports were presented by the outsourced internal audit function to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response or action plans and person-in-charge together with the dates of implementation were presented and deliberated with the members of the Audit Committee. Apart from the internal audit reports, updates on the implementation progress of management’s action plans identified in the previous internal audit reports were also presented during the financial year under review to the Audit Committee for review and deliberation to ensure action plans were satisfactorily implemented to address the individual risks associated with the findings. In addition, during Audit Committee meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the Audit Committee’s review.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 30 April 2023 was amounted to RM42,023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

ASSURANCE PROVIDED BY EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

During the meeting of Board of Directors in the financial year under review, the performance of the Group was reviewed and deliberated by the Board, including but not limited to, the adequacy and effectiveness of governance, risk management and internal control system in relation to the strategies and business objectives of the Group.

In line with the Guidelines, the Executive Chairman, being the highest-ranking executive in the Company and the Managing Director, being the person primarily responsible for the management of the financial affairs of the Company has provided assurance to the Board stating that the Group's risk management and internal control system have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

OPINION AND CONCLUSION

Based on the review of the results of the risk management activities and internal audit activities, monitoring and review mechanism stipulated above, and assurance provided by the Executive Chairman and Managing Director, the Board is of the opinion that the risk management and internal control system are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's strategic objectives.

The Board is committed towards maintaining an adequate and effective governance, risk management and internal control system throughout the Group and where necessary put in place appropriate plans to further enhance the Group's governance, risk management and internal control system. Notwithstanding this, the Board will continue to evaluate and manage the key risks faced by the Group in order to meet its strategies and business objectives in the current and challenging business environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main LR, the External Auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control ("AAPG 3") included in the Annual Report, issued by the Malaysia Institute of Accountants. AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board of Directors and management thereon. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

PROFILE OF DIRECTORS

Liang Chiang Heng
73 years of age, Male, Singaporean
Executive Chairman

Mr. Liang Chiang Heng was appointed as Managing Director on 20 March 1996 and Executive Chairman on 21 July 1998. He joined Apollo Group since 1979 and the Group's business has grown and expanded within the short period of time under his leadership.

Mr. Liang Chiang Heng was awarded an Honorary PhD in Business Administration from the Wisconsin International University. He currently sits on the Board of several private companies.

Liang Kim Poh
62 years of age, Male, Singaporean
Managing Director

Mr. Liang Kim Poh was appointed as an alternate director on 20 March 1996 and subsequently to the Board on 21 July 1998. He was later redesignated as Managing Director on 28 December 2017. He currently sits on the Board of several private companies.

Foo Swee Eng
67 years of age, Female, Malaysian
Independent Non-Executive Director

Ms Foo Swee Eng was appointed to the Board on 29 January 2018. She was appointed as Chairman of the Audit and Nomination Committees on 27 December 2018. She is also a member of Remuneration Committee. On 1 September 2022, she stepped down as the Chairman of the Audit Committee and remained as the member of the Committee.

Ms Foo is a Fellow Member of the Association of Chartered Certified Accountants (FCCA,UK) and a Chartered Accountant of the Malaysian Institute of Accountants (CA(M)). She is also a member of Chartered Tax Institute of Malaysia (ACTIM). She started her accountancy career with an accounting firm in 1977 and is currently a partner of Reanda LLKG International, Chartered Accountants and a director of K-Konsult Taxation (JB) Sdn Bhd.

Halid Bin Hasbullah
67 years of age, Male, Malaysian
Independent Non-Executive Director

Encik Halid Bin Hasbullah was appointed to the Board on 27 August 2018. He was appointed as Chairman of the Remuneration Committee on 27 December 2018. He is also a member of Nomination and Audit Committees.

He obtained his Master of Business Administration from UNISEL Graduate School of Management (USGM), UNISEL in year 2007 and Bachelor of Business Administration in year 1992 from International Islamic University Malaysia. He is also a Chartered Member (CMILT) of the Chartered Institute of Logistic and Transport, UK.

He holds various key positions and capacities as Managing Director/Chief Executive Officer, Chief Operating Officer, General Manager and Consultant. He was involved in strategic decision making process, planning and maximize wealth of the shareholders.

He started his career in the banking sector followed by cooperative movement, healthcare, education, microfinance industry and current, in the area of human talent.

PROFILE OF DIRECTORS (continued)

Johnson Kandasamy A/L David Nagappan
62 years of age, Male, Malaysian
Independent Non-Executive Director

Mr Johnson Kandasamy A/L David Nagappan was appointed to the Board on 7 February 2020. He is also a member of Nomination and Remuneration Committees. On 1 September 2022, he was designated as Chairman of the Audit Committee.

He started his career in accountancy in July 1981 as an audit trainee with a local accounting firm, Goonting & Chew in Johor Bahru. He then served various capacities in two other local accounting firm and was promoted as the partner of Yeo & Associates, Johor Bahru in January 1997 until 1 March 2002 when he left to set up his own firm, JK David & Co., Chartered Accountants, of which he is the Chief Executive.

He is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants, an approved tax agent and a Chartered Tax Practitioner registered with the Chartered Tax Institute of Malaysia.

Currently, he serves as a Non-Independent Non-Executive Director of Dominant Enterprise Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

OTHER INFORMATION

- **Family Relationship**

  None of the Directors have any family relationships with each other and/or major shareholders except Mr. Liang Chiang Heng and Mr. Liang Kim Poh are brothers.

- **Directors' Shareholding**

  The Directors' interests in the shares of the Company are shown on page 124 of this Annual Report.

- **List of Convictions of Offence**

  Other than traffic offence (if any), none of the Directors has any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 30 April 2023.

- **Conflict of Interest**

  None of the Directors have any conflict of interest with the Company.

PROFILE OF KEY SENIOR MANAGEMENT

Liang Kim Tee
69 years of age, Male, Singaporean
Production Director of Apollo Food Industries (M) Sdn Bhd
(Resigned on 30 June 2023)

Mr. Liang Kim Tee joined Apollo Food Industries (M) Sdn Bhd, a wholly owned subsidiary company, as Production Director on 4 January 1997. He has more than 17 years of related working experience prior to joining the Company.

He is the brother of Mr Liang Chiang Heng (Executive Chairman) and Mr Liang Kim Poh (Managing Director) and uncle of Mr Liang Thong Guan.

Liang Thong Guan
43 years of age, Male, Singaporean
Technical Director of Apollo Food Industries (M) Sdn Bhd

Mr. Liang Thong Guan joined Apollo Food Industries (M) Sdn Bhd, a wholly owned subsidiary company, as Technical Director on 4 March 2013. He has more than 8 years of related working experience prior to joining the Company. He also led the Sustainability and Risk Management Committee of the Company.

He is the son of Mr Liang Chiang Heng (Executive Chairman), nephew of Mr Liang Kim Poh (Managing Director) and Mr Liang Kim Tee (Production Director).

Lim Ka Ming
57 years of age, Male, Malaysian
General Manager (Production) of Apollo Food Industries (M) Sdn Bhd

Mr. Lim Ka Ming joined Apollo Food Industries (M) Sdn Bhd, a wholly owned subsidiary company, as General Manager (Production) on 1 August 2018. He has more than 20 years of related working experience prior to joining the Company.

He does not have any family relationship with any director or major shareholder of the Company.

Tan Sew Eng
54 years of age, Female, Malaysian
Senior Accountant of Apollo Food Industries (M) Sdn Bhd

Ms Tan Sew Eng joined Apollo Food Industries (M) Sdn Bhd, a wholly owned subsidiary company, as Senior Accountant on 15 June 2015. She is a member of Certified Practising Accountant, Australia and Malaysian Institute of Accountants (MIA). She has more than 23 years of related working experience prior to joining the Company.

She does not have any family relationship with any director or major shareholder of the Company.

Save as disclosed above, none of the key senior management has:

i. any directorship in public companies and listed issuers;

ii. any conflict of interest with the Company; and

iii. other than traffic offences (if any), any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 30 April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OBJECTIVES

Apollo Food Holdings Berhad is principally an investment holding company and currently it has two (2) wholly owned subsidiaries as below:

(i) Apollo Food Industries (M) Sdn Bhd is principally engaged in manufacturing and trading in compound chocolates, chocolate confectionery products and layer cakes in overseas market.

(ii) Hap Huat Food Industries Sdn Bhd is principally engaged in distributing and marketing of compound chocolates, chocolate confectionery products and layer cakes in local market.

Over the years, the Group has recognised itself as one of the leading manufacturers of chocolate confectionery products and layer cakes in Malaysia.

The aim of the Group is to always fulfil the customer needs and requirements by using the latest equipment and technology. To accomplish this goal, the Group uses only the finest natural ingredients sourced from a select panel of suppliers and employs state-of-art technology in manufacturing its products.

The Group firmly believes that quality sells. Holding this belief, the Group strives to ensure that the following principles are taken to improve its market position:

- Implement and maintain quality management system and continually improve its effectiveness;
- Produce products using premium raw and packaging materials;
- Use world class wafer and layer cake manufacturing machinery from Europe and constantly upgrade to improve the quality of products and competitiveness of the Group;
- Enhance customer satisfaction by meeting customer requirements;
- Recognize customers' needs by introducing individual packaging; and
- Implement quality assurance procedures such as HALAL, GMP and ISO accreditations.

FINANCIAL PERFORMANCE

Revenue

The Group recorded revenue of RM257.11 million for the financial year ended 30 April 2023, an increase of 36.56% as compared to RM188.27 million in the previous financial year ended 30 April 2022. The reopening of Malaysia's borders has increased the demand of the Group's products which result in higher sales. A large proportion of revenue was contributed by local market, accounting for 68.38% of total revenue. There were no material changes on the sales proportion from previous financial year.

Profit for the Financial Year

The profit after taxation had increased by 217.45% from RM9.97 million as recorded in the previous financial year to RM31.65 million due to an increase in sales.

The Group's earnings per share increased from 12.46 sen to 39.56 sen.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL PERFORMANCE (continued)

Financial Position

As at 30 April 2023, the Group's total assets was RM255.96 million as compared to RM244.00 million in the previous financial year end. Higher total assets were mainly contributed by higher inventories and cash and bank balances.

Total liabilities increased by RM0.31 million from RM17.14 million to RM17.45 million while the Group's equity increased by RM11.65 million from previous financial year end. Net asset per share increased from RM2.84 to RM2.98 as at current financial year end.

RISK OVERVIEW

The Group is currently facing a few risk factors that might affect the Group's profitability. Those risks include the following:

(i) Fluctuation of Raw Material Prices

Any fluctuation of raw materials' prices will have a direct impact on the Group's gross profit margin. The Group has taken measures to reduce the risk of price fluctuation by working closely with suppliers to get reasonable price without compromising the quality of raw material. The Group will monitor the price closely and assures that the quality of raw materials is maintained.

(ii) Fluctuation of Foreign Currency Exchange Rate

Significant fluctuation of foreign currency exchange rate will impact on the Group's cash flow movement and profitability. The movement of the foreign currency exchange rate is closely monitored by the Group's management.

(iii) Changes in Consumer's Preferences

Consumers tend to consume healthy food as compared to the past. The Group is aware of the shift in consumer's preferences and will consider producing healthier products to meet the requirement of such health-conscious customers.

(iv) Quality of the Products

Poor quality products can harm the Group's image and reputation. The Group has implemented quality management systems and quality assurance procedures via HALAL, GMP and ISO accreditations and sources raw materials from reputable and reliable suppliers to maintain the quality of the product.

(v) Labour Market

A large proportion of the Group's workforce is relied on foreign workers to overcome the difficulties in employing local employees. Any future changes to the policies imposed by the Malaysia Government on employment of foreign workers will affect the Group's production and consequently, the profitability of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPERATION REVIEW

The reopening of Malaysia’s borders and all economic sectors in April 2022 has improved the Group’s overall performance for the current financial year.

However, the impact of Russia-Ukraine conflicts has resulted in increase in shipping charges and shortage of container. In addition, the new minimum wage order implemented in May 2022 also contributed to the increase in the labour cost of the Group.

The pre-requisites for the Group to remain competitive in this challenging market environment include continuous improvement in the Group's production planning and application of stringent quality control on the products manufactured. The Group is continuously monitoring and upgrading its production lines for better efficiency.

BUSINESS PROSPECT

The performance of the Group remains competitive and challenging. Despite the political unrest in certain regions and the slowing of growth in the emerging markets, the markets in which the Group operates remain relatively stable.

The reopening of borders has improved the economy and boost the demand of both local and export market after nearly two years under the pandemic. The Group expects the demand for the Group’s products will remain stable for the next financial year.

With the price fluctuation of key raw materials supply chain and prices, the Group will strive to ensure that it continues to achieve satisfactory results by implementing prudent measures and improving operational efficiency to sustain the profit margin without compromising the product quality.

DIVIDEND POLICY

The Group does not have a fixed dividend policy. During the financial year, the Board of Directors approved a First Interim Dividend of 10 sen per ordinary share under the single tier system (tax exempt) for the financial year ending 30 April 2023 that was paid on 11 January 2023.

In recognition of shareholders’ continuous support, the Board of Directors are pleased to recommend a Final Dividend of 15 sen per ordinary share under the single tier system (tax exempt) for the financial year ended 30 April 2023. The dividend rate will subject to the shareholders’ approval at the forthcoming Annual General Meeting to be held on 17 October 2023. The dividend will be paid on 3 November 2023 once it is approved.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Apollo Food Holdings Berhad ("the Company") recognises the importance of continuously developing and improving the business operations of the Group in a sustainable and responsible manner. The Board believes that by placing sustainability as the core of its business operations will drive the long-term business growth of the Company and its subsidiaries ("the Group") as well as establishing mutually favourable relationships with its stakeholders. The sustainable business practices of the Group can be enhanced by having its business operating strategies and corporate culture being continuously aligned to the Sustainable Development Goals ("SDGs") developed by the United Nations to promote prosperity while protecting the environment.

The Board is committed to continuously promote good sustainability practices, update the sustainability progress and engage openly and responsively with the Group's stakeholders through transparent sustainability reporting that captures the economic, environmental and social aspects of the Group's business operations. The Board recognises that stakeholder engagement plays a vital role to ensure the businesses pursued by the Group is sustainable in the long term. Through Sustainability Statement, the Board provide the stakeholders a better understanding on the Group's approach to create sustainable long-term value for stakeholders as well as the progress in meeting these commitments.

The Board acknowledges that businesses are not solely judged by its financial performance but also, not to a lesser extent, on its conducts in respect of governance, economic, environment and social aspects in order to withstand in this challenging environment and to generate value to its stakeholders on long term sustainable manner. It is, therefore, the underlying value of the Group to achieve optimum equilibrium between short-term financial performance and its long-term business sustainability and value creation. In demonstrating the Board's commitment towards embracing good sustainability practices, the Board has continuously integrated such practices into its working environment and culture, business processes and strategy making process in developing sustainable businesses that brings positive impact on the community, economy and environment. Hence, the Group is committed to be accountable and transparent in its sustainability performance and exercises.

The Board is pleased to present this Sustainability Statement for the financial year ended 30 April 2023 prepared pursuant to paragraph 29 of Part A of Appendix 9C in Chapter 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), paragraphs 6.1, 6.2 and 6.3 of Practice Note 9 of the MMLR and Sustainability Reporting Guide issued by Bursa Securities ('the Guide"). This Statement was prepared on a best effort basis and the Board would look into narrowing any gap in sustainability assessment and thereon the reporting in coming years.

SCOPE OF THE STATEMENT

The contents of this Sustainability Statement primarily include activities carried out during the financial year ended 30 April 2023 and up to the date of this Statement. This Statement covers the Group's economic, environmental and social management and performance across all its business operations in Malaysia. To the extent applicable, the Board adheres to the sustainability assessment and reporting requirements per MMLR and the Guide.

The disclosures of the corporate governance practices and compliance with relevant provisions and requirements per MMLR and Malaysia's Code on Corporate Governance 2021 are made in the Corporate Governance Report and Corporate Governance Overview Statement in the Annual Report.

The Group is principally involved in the manufacturing and distributing compound chocolate confectionery products and layer cakes based in Malaysia with geographical sales presence in Malaysia, Singapore, Indonesia, Thailand, Philippines, Vietnam, China, Hong Kong, Taiwan, Japan, India, Middle East and Indian Ocean Islands.

SUSTAINABILITY STATEMENT (continued)

SCOPE OF THE STATEMENT (continued)

As at the date of this Statement, information disclosed in this Statement involves the Sustainability Framework established by the Board and the identification, management and performance of sustainability matters of the Group's business operations in Malaysia.

SUSTAINABILITY PRINCIPLES

As the highest governance body within the Group, the Board assume the ultimate accountability for the integration of sustainability in the Group, including sustainability-related strategy and performance. The sustainability principles instilled by the Board are:

- To observe and comply with all relevant legislation, regulations, recommended trade practice and code of practice applicable and relevant to the Group.
- To consider sustainability matters and integrate these considerations into the Group's business operations, and when making and implementing business strategies.
- To manage sustainability matters in structured and systematic manner, whereby sustainability management is embedded throughout the Group and sustainability matters to be documented, continuously assessed and managed with reporting to the Board on scheduled interval or as and when the materiality of the sustainability matters requires such reporting.
- To continuously promote to, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of sustainability management and are committed to implement and measuring sustainability activities as part of the Group's strategy to take into consideration economic, environment, social and governance aspects.
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues.
- To strive to improve the Group's sustainability performance over times.

SUSTAINABILITY POLICIES

The Sustainability Policies established by the Board, as stated in the formal Sustainable Framework, is guided by the 17 Sustainable Development Goals ("SDGs") developed by the United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

i. Sustainable Economic Policies

- To ensure economic interest of all relevant stakeholders are preserved in all significant business operations and strategic business decisions.
- To promote the economic development of the communities where the significant business operations are carried out, when making business strategy decision and when implementing business strategies.

ii. Sustainable Environment Policies

- To comply with all guidelines and regulations relating to the preservation of environmental aspects in relevant jurisdictions where the Group is operating in.
- To avoid contamination and improve the quality of environmental management.
- To reduce carbon footprint through product designs that is energy-efficient, optimise manufacturing efficiency and through investment in energy-efficient production machinery.

SUSTAINABILITY STATEMENT (continued)

SUSTAINABILITY POLICIES (continued)

ii. Sustainable Environment Policies (continued)

- To conserve the consumption of water, electricity and other natural resources in the business operations.
- To implement "Reduce, Reuse and Recycle" policy across the Group and along the value chain.
- To ensure all materials, where possible, are sourced from sustainable, renewable or recycled means and assess, and monitor external value chain partners to make sure the Group's environment objectives and procedures are complied.
- To protect and proactively manage our impact on biodiversity in the ecosystems over which the Group is operating in.

iii. Sustainable Social Policies

- To ensure that all stakeholders should receive fair treatment and do not engage in or support discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership and political body.
- To ensure that the Group's, the suppliers' and the subcontractors' human resources are entitled to the right of not to be discriminated against, not to be enslaved, to be treated with dignity, to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay, and the right to freedom of opinion and expression.
- To ensure that the Group, the suppliers and the subcontractors are in strict compliance of no child labour at the workplaces in accordance with the applicable laws and regulations in the relevant jurisdictions where the Group is operating in.
- To provide a safe and healthy workplace for all of its human resources, customers, suppliers, subcontractors, business partners and the public at large, in compliance with the Occupational Safety and Health Act and any other applicable legislation.
- To prohibit agreements or other coordinated activities with competitors, customers or suppliers that limit competition, abuse of a dominant position, monopolisation or attempted monopolisation and concentrations between companies that may substantially lessen competition.
- To conduct its business in an open, honest and ethical manner with conflict of interest situation properly addressed and to adopt a zero-tolerance approach to all forms of bribery and corruption. To ensure that all level of employees, suppliers, subcontractors, customers, business partners and other stakeholders do not engage in corrupt practice, take unfair advantage of any other person, including but without limitation, participating in illegal practices (for example, misleading and deceptive conduct, misrepresentation and undue influence, as well as conduct which are legal but unethical).
- To promote the development of the local communities through direct support of local communities, charitable donations and support of non-profit agencies in the communities where the Group is operating in. To nurture long term relationship with the local communities and to provide safe and healthier environment for the local communities.
- To preserve and respect local heritage and customs of the local communities.
- To work with the local authorities and government bodies for the development of conducive environment for stakeholders.
- To uphold the quality, safety and health of the Group's products and services with expected standard of legitimacy and integrity.
- To uphold the highest standard in the preserving the confidentiality and privacy of information collected by us in the course of the Group's business and to ensure employees, customers and business partners who receive such information to observe the confidentiality and privacy of such information as well.

SUSTAINABILITY STATEMENT (continued)

GROUP PROFILE

From the humble beginning in 1966, the Company, a public limited company listed on the Main Market of Bursa Securities with headquarter at Johor Bahru, Johor, has grown to its prominent presence as one of the leading manufacturers and distributors of compound chocolate confectionery products and layer cakes in Malaysia. To date, the Group, comprises the Company and two (2) wholly-owned subsidiaries operating under the corporate brand of “Apollo” which has made its mark in Malaysia, Singapore, Indonesia, Thailand, Philippines, Vietnam, China, Hong Kong, Taiwan, Japan, India, Middle East and Indian Ocean Islands.

During the financial year under review, there was no major changes in the composition of the contractors and suppliers for the manufacturing and distribution of compound chocolate confectionery products and layer cakes. Also, there was no major changes in the location of operations nor share capital structure during the financial year under review.

At the date of this report, the Group is not a member of any trade association in Malaysia.

GOVERNANCE STRUCTURE AND PROCESS

The Board affirms its overall responsibility for integration of the sustainable economic, environment and social policies approved by the Board throughout of the Group to ensure business strategies of the Group taking into consideration the sustainability policies and to ensure sustainability performance are monitored from time to time. The governance structure in relation to the Group’s sustainability management is guided by the Guide and to the Toolkit: Governance issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group.

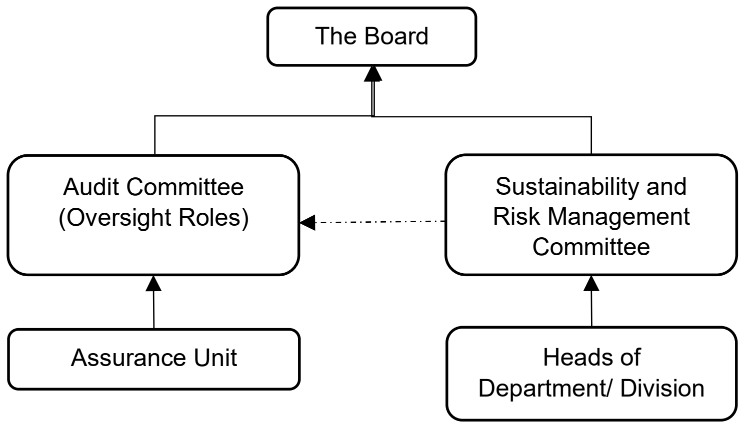
The Group’s commitment towards sustainable business practices is imputed throughout all levels of its organisation. At the leadership level, the Board, Executive Directors and Management recognise the importance of ensuring good sustainable economic, environment and social practices being understood and implemented by all level of organisation.

To ensure such commitment of good sustainable economic, environment and social policies is embedded throughout of the Group, the Board put in place a formal structure to ensure accountability, oversight and review pertaining to identification, management and reporting of sustainability matters and performance of the Group. Such formal structure is important to ensure that the execution of the sustainability initiatives at all level of organisation and business units are aligned with the Board’s sustainability and business strategy with reporting at predetermined intervals and the Group can response timely with the sustainability risks and opportunities applicable to the Group. The duties of identification, management and reporting of sustainability matters and performance of the Group are delegated to the Sustainability and Risk Management Committee (“SRMC”).

The Board has formalised the sustainability principles, policies and processes envisaged by the Board through Sustainability Framework established by it. Furthermore, formal governance structure based on the existing geographical scope, scale and nature of the business the Group is pursuing, for the identification, management and reporting of sustainability matters and performance of the Group, is established by the Board in the following manner:

SUSTAINABILITY STATEMENT (continued)

GOVERNANCE STRUCTURE AND PROCESS (continued)



The governance structure defines clearly on the roles and responsibilities expected of the Board, Audit Committee, Sustainability and Risk Management Committee, Heads of Department and Division and Assurance Unit. In a nutshell, the Board assumes the ultimate responsibility for sustainability management and performance within the Group while the Audit Committee is tasked with the duties to oversee the sustainability management and performance of the Group for reporting to the Board. More importantly, the Sustainability and Risk Management Committee (led by Technical Director), is tasked with the duties to implement the sustainability framework and strategies approved by the Board, to lead and implement the process of sustainability management, and to monitor and devise appropriate action plan, to conduct periodic review of all sustainability matters of the Group (at least on an annual basis), to manage stakeholder engagement, to implement the material sustainability matters' indicator and target as well as monitoring thereof, to prepare sustainability disclosures as required by applicable laws and/or rules, to oversee the implementation of sustainability framework and the preparation of sustainability disclosures and to ensure that relevant sustainability trainings are provided. Such activities and results of activities (as applicable) are reported to the Audit Committee for its review and subsequently reporting to the Board.

As for the Heads of Department/Division, their primary responsibilities are to manage sustainability matters of the business processes under his/her control and to assist the Sustainability and Risk Management Committee with the implementation of the sustainability process of identification, assessment, management and monitoring of all sustainability matters.

The sustainability matters management process established by the Board, in compliance with the Guide and Toolkit: Materiality Assessment issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group, are as follows:

- Identification of the intended stakeholder groups and sub-groups, the focus areas expected by the intended stakeholders, engagement objective(s) for each stakeholder group, type of engagement employed or to be employed and frequency through *Stakeholders' Mapping*.

- The stakeholders identified for each significant business segments and geographical segments are prioritised in relation to its influence over and dependency on the Group so that the Group can put in more effort on stakeholder groups that have higher influence or dependency and the concerns of such stakeholders shall carry greater weight. The prioritisation of the stakeholders is conducted by Sustainability and Risk Management Committee with the assistance from the Heads of Department/Division by using *Stakeholder Prioritisation Matrix* whereby each stakeholder groups identified is assessed by using influence and dependency criteria and rating scale established by the Board. The results of the prioritisation can be used to determine the level of engagement to be employed by the Group with the respective stakeholders (from collaborate/empower to keep informed) based on the perceived influence and dependency of each stakeholder group.

SUSTAINABILITY STATEMENT (continued)

GOVERNANCE STRUCTURE AND PROCESS (continued)

- Identification of sustainability matters for each significant business segments and geographical segments via internal and external sources.

- Sustainability matters identified for each significant business segment and geographical segment are refined, consolidated and categorised into respective sustainability categories determined by the Board and enlisted in the *Sustainability Matters Listing*, detailing the influence and dependency of internal and external stakeholders.

- Sustainability matters categorised in the *Sustainability Matters Listing* are subject to the internal materiality assessment by the Sustainability and Risk Management Committee with the assistance from the Heads of Department/Division based on the criteria and rating scale system established by the Board in order to assess the materiality of the sustainability matters identified and to prioritise the sustainability matters for assessment by internal and external stakeholders.

  Sustainability issues considered material if:

  - it has significant economic, environmental and social impacts on the Group from the organisation's point of view;
  - substantively influence the assessments and decisions of stakeholders from the stakeholders' point of view; and
  - it has significant economic, environmental and social impacts that affect the ability to meet the needs of the present and future generations.

  The internal materiality assessment entails the assessment by the Sustainability and Risk Management Committee with the assistance from the Heads of Department/Division based on the rating scale established by the Board on the significance of each sustainability matters on the revenue, cost, reputation, strategic and operational risk, and business opportunities criteria.

  From internal and external stakeholders' perspective, stakeholders' assessment of the sustainability matters is based on the significance of such matters to influence on the assessment and decision by the respective stakeholder based on the rating scale established by the Board.

- The identification of the material sustainability matters is performed by the Sustainability and Risk Management Committee by input into the *Materiality Matrix*, the result of the stakeholder prioritisation exercise, internal materiality assessment by the Sustainability and Risk Management Committee and Stakeholders' assessment of the significance of the relevant sustainable matters to influence on the assessment and decision by the respective stakeholder.

  The material sustainability matters are identified by reference to the sustainable matters above within the acceptable threshold established by the Board.

- Subsequent to the assessment process, sustainable matters identified above are subject to risk management policy and process established by the Board for the assessment and management of the risk and opportunities identified.

  In the context of the sustainability matters management, the current standing of sustainability matters is assessed for its adequacy and effectiveness by the Sustainability and Risk Management Committee and to formulate management response to mitigate the sustainability risk or optimise the sustainability opportunities, in line with the risk appetite and business strategies established by the Board. Please refer to Statement of Risk Management and Internal Control in this Annual Report on the risk management system employed by the Group in the identification, management and monitoring of business risks.

SUSTAINABILITY STATEMENT (continued)

GOVERNANCE STRUCTURE AND PROCESS (continued)

- For the management of material sustainability matters, the responsibility of the Sustainability and Risk Management Committee is to develop and response with respect to each material sustainability matters in the following manners:

  - development of policies and procedures;
  - implementation of various initiatives, measures or action plans;
  - compliance of applicable laws and regulations;
  - development of indicators, goals, targets and timeframe in line with the strategic objectives; and
  - implementation of new, or changing existing systems, to capture, report, analyse, and manage data requirements.

  The Sustainability and Risk Management Committee monitors the current standing (including but not limited to, indicators, target and actual performance) and responses to the material sustainability matters and to report to the Audit Committee on annual basis for review and for their recommendation to the Board for review and approval.

SUSTAINABILITY MANAGEMENT ACTIVITY

As at the date of this Statement, the Board had put in place a formal Sustainability Framework, including the sustainability management process. Despite that, the Board has yet to undertake a formal material sustainability assessment to determine material sustainability matters that are important to the Group's internal and external stakeholders. The Board is committed to perform the formal material sustainability assessment in accordance with the formal sustainability assessment process established by the Board and to report the sustainability assessment activities undertaken, the performance indicator(s) and target(s) used to measure progress, the actual performance with comparison to preceding financial year(s) and target(s), effectiveness or efficiency of the policies, measures or actions taken to manage associated sustainability risks for next financial year.

During the financial year under review and up to the date of this Statement, the Board relied on the informal assessment system at strategic and operation level and existing risk management process per formal Risk Management Policy for the identification of the sustainability matters that requires the attention of the Board and responses to mitigate the sustainability risk factors. Based on the informal risk management activities at strategic and operation level and formal risk management process carried out during the financial year under review, the Group had identified several sustainability matters that may have a direct or indirect impact on the Group's ability to create, preserve or enhance economic, environment and social values and responses had been formulated by the Management to address potential sustainability risk(s) identified by incorporating adequate and effective control activities in that respect. Based on the above processes, the sustainability matters were identified through informal stakeholder engagement activities, operational and management reporting systems and Risk Registers of the Group.

STAKEHOLDERS' ENGAGEMENT

The Board recognises and admits that the contribution and support of the internal and external stakeholders are utmost important for the realisation the Group's missions and the Group's long-term business sustainability and excellence. It is on this basis that the Board is pursuing the sustainable strategy of continuous engagement with internal and external stakeholders who is dependent on or influence by the activities undertaken by the Group and to ensure such engagements are to include all internal and external stakeholders across the value chain and to response proactively, via formal and informal channels, to the concerns and views of the respective

SUSTAINABILITY STATEMENT (continued)

STAKEHOLDERS' ENGAGEMENT (continued)

stakeholder groups at required interval. By actively engaging with all stakeholders, the Board can identify risks and opportunities in the way the businesses of the Group are carried out. During such engagement, the Group can validate the sustainable matters identified by the Management of the Group. The Group's stakeholder engagement process is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Securities with necessary adaption based on the nature and scale of the businesses of the Group.

During the financial year under review and up to the date of this Statement, the stakeholder engagement is largely led by the respective Heads of Department/Division of the business unit whose operations are most impacted or depended by such stakeholder group. The Group engaged with the internal and external stakeholders in both formal (for example, formal performance appraisal and written reports) and informal manners (for example, meetings with stakeholders, electronic communication channels and informal feedback from stakeholders). Based on the business model employed by the Group and the informal and formal engagement deployed, the Management had identified the investors, Board of Directors and employees as its internal stakeholder groups while its external stakeholder groups are suppliers, customers, media, financial institutions, industry peers, government and local authorities, local community and trade union.

The Board acknowledges that the above stakeholder engagement by the Group can be further improved so that key topics and concerns of respective stakeholder group are communicated at the required interval to the correct governance body of the Group to response to such topics and concerns on timely manner. Therefore, as part of the implementation of the formal Sustainability Framework established, the Board is committed to compile stakeholder mapping and prioritisation exercise to assess the level of respective stakeholder group's dependency on and influence over the Group in the context of the businesses carried out by the Group and industry that the Group is participating in. Through this prioritisation process, the Board is able to determine the recommended level of engagement and recommended frequency with respective stakeholders and to incorporate the prioritisation results into the material sustainability matter assessment process.

MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR

A. Economic

In order to support to the local economy where the Group is operating in and to provide job opportunities to the locals, it is the policy of the Group that recruitment of local employees shall be in priority of the foreign one, despite the fact that local candidates were not forthcoming during its recruitment drives. In order to encourage the participation of the locals in the success of the Group, the Group put in place reasonable remuneration package and career development plan to attract locals to work in the Group and for their career development. As at 30 April 2023, local employees made up of 63.42% (2022: 70.91%) consisting of 489 employees (2022: 451 employees) of the total permanent workforce of the Group.

As far as possible, the Group strives to engage local suppliers and contractors in its effort to spur the growth of the local economy in which it is operating in. The Group had been practicing on the local sourcing of suppliers and contractors as far as possible in the pursuit of the business, not only for the growth of local economy, but also the ease of access and communication as well as response time. The Group had put in place a procurement process whereby new suppliers are subjected to evaluation to ensure only qualified suppliers with acceptable quality standard of materials and services are accepted to deal business with the Group. Approved suppliers of the Group are subject to annual appraisal system to ensure the suppliers are able to continue deliver materials and services with acceptable quality standard. During the financial year ended 30 April 2023, the Group sourced 96.15% (2022: 95.77%) of its raw material and packaging material from 75 suppliers based in Malaysia out of the total 78 suppliers for raw material and packaging material.

MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (continued)

B. Environment

The Group is committed to comply with the environmental laws and regulations of the jurisdictions the Group is operating, i.e. *Environmental Quality Act* and its regulations. As a responsible group of companies in manufacturing and distribution of compound chocolate confectionery products and layer cakes, the Group is committed wholeheartedly to ensure strict compliance of relevant environmental laws and regulations in its business activities.

The management and monitoring of the environmental compliance are delegated to the Safety Officer and relevant policies and procedures are established to manage such compliance. It is the practice of the Group that the policy in relation to non-hazardous materials as well as other environmental preservation related activities shall be adhered by all employees, suppliers and contractors. Hazardous chemicals or materials are also properly labelled by the suppliers or contractors so that the employees are reminded of the danger of such hazardous chemicals or materials and of the properly handling and disposal of such materials. The discharge of the effluent from the operations is such that such effluent is to be treated in compliance with the relevant laws and regulation before discharge. All scheduled wastes generated by the Group are collected and stored in compliance with *Environmental Quality (Scheduled Wastes) Regulations 2005* and disposed to licensed scheduled waste operators for proper handling and ultimate disposal of such wastes. The scheduled wastes' generation and movement are monitored by using Electronic Scheduled Waste Information System under the Department of Environment of Malaysia. As for non-scheduled waste generated, it is scrapped or collected by selected reliable waste collectors to be recycled or disposed at landfills.

The Group practices the "Reduce, Reuse and Recycle" policy to uphold its value on environmental proposition. The followings are few of the practices of the policy:

- Bin system is implemented for segregation of wastes at plant-wide and non-scheduled recyclable materials, such as, Recycled wastes, such as used paper and plastic materials, are disposed to recovery centres for recovery or recycling.
- Electricity conservation practice (such as, turn off lights, air conditioning or other electrical appliances in the rooms, pantries, toilets when they are not required and conversion of conventional lightings to LED lights throughout the building).
- Practice to purchase of energy-efficient equipment.

To ensure the effectiveness of the above practices, continuous environmental preservation awareness training is provided to all employees on the environmental causes championed and the required conducts expected from the employees, suppliers and contractors in relation to environmental issues in compliance with *Environmental Quality Act* and its regulations.

During the financial year under review and up to the date of this Statement, there was neither legal action taken against the Group nor material fine or monetary sanction imposed by any regulatory bodies related to environmental aspects.

C. Social

i. Occupational Safety and Health

A safe and healthy workplace is not only the fundamental right of the employees but it is also relevant to stakeholder groups such as customers, suppliers and contractors. It is the Group's priority to take the responsibility to maintain a productive workplace by minimising the risk of accidents, injury and exposure to health hazards.

SUSTAINABILITY STATEMENT (continued)

MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (continued)

C. Social (continued)

i. Occupational Safety and Health (continued)

The safety and health management at workplace is managed by the Safety and Health Committee ("SH Committee") (made up of representatives from the Management and the employees) in compliance with *Occupational Safety and Health Act 1994*, *Occupational Safety and Health (Safety and Health Committee) Regulations 1996* and *Factories & Machinery Act 1967* (and its orders and regulations) and guided by the Safety and Health Policy established by the SH Committee and approved by the Management. Safety and health rules and regulations are established to ensure the operational activities are carried out in a manner to minimise industrial accidents. Qualified Safety and Health Officer ("SH Officer") is employed by the Group to oversee due observance of safety and health rules and regulations established at workplace and to promote safe and healthy conducts and environment at workplace, in compliance with *Occupational Safety and Health Act 1994* and *Occupational Safety and Health (Safety and Health Officer) Order 1997*. Through routine inspections by the SH Officer, incidents of non-compliance of the safety and health rules by relevant stakeholders are identified promptly and corrective actions are implemented swiftly. Identification of anticipated hazards and assessment of corresponding risks to safety and health arising from existing or proposed work environment, via *Hazard Identification, Risk Assessment and Risk Control* per guideline issued by Department of Occupational Safety and Health under the Ministry of Human Resources Malaysia, are performed by the SH Committee with planned controls formulated to eliminate hazards or control risks at regular interval. Safety and health target on accident rate, near-miss rate and safety and health training requirement are established by SH Committee for monitoring purposes.

Scheduled meetings of the SH Committee are held at predetermined interval in accordance with the rules and regulations to monitor the trends of accident and immediately investigate near-miss accident, dangerous occurrence, occupational poisoning or occupational disease which occurs at the workplace. Awareness programmes for safety and health are established and implemented to ensure that all relevant stakeholders are competent to ensure the safety and health during the execution of their duties and responsibilities.

At operational level, Executive Chairman drives the improvements in the safety and health workplace through weekly meeting with Heads of Department/Division to brainstorm on potential enhancement in safety and health practices within the factory. Safety notices/signboards and indicators are placed at strategic and hazard-prone locations as well as on production equipment to convey safety messages and potential safety hazard to the customers, employees, suppliers, contractors and other visitors. Relevant stakeholders with access to the Group's production facility are provided with required personal protective equipment per its safety and health rules and regulations established. Door access controls are installed at all restricted areas to prevent unauthorised access. Fire preventive equipment and systems are installed and inspected at regular interval to ensure its functionalities are not compromised over times and clear escape route plans are place in strategic locations. Production equipment used at the Group's production facility are subject to service and maintenance at predetermined interval to ensure the equipment is safe for usage. Security guards are employed and deployed at important safety control points in the factory to ensure general safety and health of stakeholders within the premise. Strategic locations at factory are monitored through closed-circuit television system connecting to the surveillance control room. To ensure the Group's readiness in the event of unfortunate event, the fire-fighting team carries out drills and practice at regular intervals to ensure that such unlikely incident will be handled satisfactorily and promptly to minimise damage to the properties and people. Further measures on proper storage of flammable materials in dedicated areas, regular safety inspection of electrical wiring and cables and prohibition of smoking at workplace (except in dedicated smoking areas) are implemented to reduce the likelihood of fire hazard. Hot work permit is required to be approved by Safety Officer for any operations at the workplace involving open flames or producing heat and/or sparks.

SUSTAINABILITY STATEMENT (continued)

MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (continued)

C. Social (continued)

i. Occupational Safety and Health (continued)

With the above operational controls, there was no fatal accident (2022: 0) and 10 non-fatal accidents (2022: 5) reported during financial year ended 30 April 2023.

During the financial year under review and up to the date of the Statement, there was neither legal action taken against the Group nor material fine or monetary sanction imposed by any regulatory bodies in relation to occupational safety and health aspects.

ii. Labour Practices

Fostering excellent human resources remains the core focus of the Group to recruit and retain employees of high calibre as the Group aims to be an employer of choice. Through effective human resources strategies, the Group is committed in nurturing a diverse, competent and dedicated talent pool that will drive growth and add value to the Group.

For employees, management of human resources are embodied in a formal Employment Handbook established by the Management whereby acceptable requirements of fair treatment of legitimate employees are specified for strict compliance. No discrimination of gender (including acts of sexual harassment), race, religion, nationality, age, marital/pregnant and disable status is allowed and strict enforcement of no illegals and child labour in the work place.

The Group employed 771 permanent employees at 30 April 2023, as follows:

No. of Employees	Male	Female	Total	Malay	Chinese	Indian	Others	Total
Permanent	309	462	771	414	30	25	302	771
Total	**309**	**462**	**771**	**414**	**30**	**25**	**302**	**771**

Career scale system is established for transparent career advancement visible is made to all employees and formal succession planning is put in place so that the best talent available is trained and to be ready to assume the next position in their career path. Furthermore, places of worship are established within the compound of the factory while working days and working hours are structured to take into consideration of the ethnic and religious needs of the workforce as well as to promote work-life balance culture. All employees are provided to equitable access to the employees' benefits established by the Group such as medical, uniform and special leaves to cater for the personal needs of the employee. In addition, the employees are granted with additional leave types on top of the leave requirements specified under the laws and regulations for their personal and family commitment. Needless to say, it is paramount for the Group to also comply with the other relevant social laws and regulations, such as *Federal Constitution, Minimum Wage Order, Competition Act, Personal Data Protection Act, Minimum Retirement Age Act and Child Act*, just to name a few important ones.

Whistle-blowing mechanism is put in place by the Board and specific grievance procedure is established by the Management in the Employee Handbook to provide formal channel of reporting staff grievance to the appropriate level of authority on labour practices, amongst others.

Focused on talent development, the Group continues to instil a culture of continuous improvement through various programmes to help employees develop their full potential. The Group put in place system of

SUSTAINABILITY STATEMENT (continued)

MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (continued)

C. Social (continued)

ii. Labour Practices (continued)

training need identification and planning whereby all new employees are require to attend induction programme while the existing employees are to undergo continuous learning to support their career development and performance enhancement. The learning can be inclusive of functional, on-the-job or people skills that are relevant to current or future job function. The Group provided 16 training sessions to employees which are conducted by both internal and external trainers during the financial year on Halal, tax, environmental, food handling, ISO, disability and equality, safety at workplace, budget, good manufacturing practice, sales tax and import duty.

Furthermore, the Board is committed to build performance-based culture by allowing the employees to demonstrate their capabilities. Annual performance appraisals are undertaken by the Management, not only for the performance-based remuneration, but also to have effective two-way communication with its people whereby the past performance and expectations for the future years by the Management on its people are communicated while its people's commitment and concerns are conveyed for future monitoring. As inclusive initiative to involve all employees in the growth of the Group, employee suggestion program is implemented by the Group to encourage employees at all level to propose process improvement.

During the financial year under review and up to the date of this Statement, there was neither legal action taken against the Group nor material fine or monetary sanction imposed by any regulatory bodies in relation to labour practices.

iii. Product Safety and Quality

Enhancing consumer's life through consistent delivery of high quality and safe compound chocolate confectionery products and layer cakes is part of the Group's goal to create value for the consumer. It is paramount that consumers consume safe and high quality products and to be confident with the Group's products. Quality reinforces "Apollo" brand and the Group's reputation in the market it has presence, enhancing consumers' loyalty and sustainability of the Group's business.

The Group ensures that its product is safe and of high quality so that the consumers who choose to consume these products will have positive and joyful experience other than complying with all the law and regulatory requirements for business. The Group had established and implemented food safety policy in compliance with ISO 22000:2005 - Food Safety Management System, Good Manufacturing Practice Codex Alimentarius and Halal accreditations. The policy outlines the steps required to identify, control and monitor key points of the potential risk to the Group's supply chain. The Group's Quality Assurance Team oversees the product safety performance across the supply chain, starting from sourcing of ingredients and raw materials, research and development, production, packaging and up to product delivery. The team directly reports to the Executive Chairman.

To ensure high quality and safe products:

- The Group places emphasis on sourcing high quality raw materials and ingredients via formal procurement process with supplier evaluation and annual appraisal as well as testing of new source of raw materials and ingredients for manufacturing process.
- Regular audits on the Group's business operations to ensure that specific standards on product safety are met all the time.

SUSTAINABILITY STATEMENT (continued)

MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (continued)

C. Social (continued)

iii. Product Safety and Quality (continued)

To ensure high quality and safe products (continued):

- Food safety systems are established for the Group's plants per ISO 22000:2005 - Food Safety Management System and Good Manufacturing Practice Codex Alimentarius to identify and safeguard against potential food safety risks to its business operations. The food safety systems perform analysis of potential hazards to human health, whether in chemical, physical or microbial in nature. Under such systems, the Group take appropriate steps to assure that potentially hazardous products do not reach the consumers.
- The Group continuously reviews and improves its food safety systems and procedures. These include performing tests and analysis on raw materials, packaging, quality of its suppliers and products.
- The Group continues to invest in its plants with new equipment and technologies to deliver high product safety and quality standards.
- The Group's employees are continuously trained on ISO 22000:2005 - Food Safety Management System and Good Manufacturing Practice Codex Alimentarius for hygiene purposes. The Group also provide training for its employees on food standards and updates to the standards regularly.

The Group's production processes are monitored by its Quality Assurance Team and are certified by independent food safety auditors against internationally recognised standards. During the financial year ended 30 April 2023, the Group complied with all the relevant national and international food regulations which beckons its product recognition and there was no product recall during the financial year under review.

iv. Anti-Bribery and Corruption

The Group had on 22 June 2023 adopted an updated Anti-Bribery and Corruption Policy to further enhance the principles and requirements on upholding high ethical and integrity standard. The Group is committed to conduct business in ethical manner in line with the requirements of the Malaysian Anti-Corruption Commission Act 2009.

This policy is applicable to the Board, Management and all employees of the Group. Related external parties are also informed to adhere to the Group's policy. Accepting anything in either monetary or non-monetary form of gift is restricted for personal or business advantages and to influence business decision.

If there are any form of suspected bribery occurs, whistle-blowing channel is available to address these issues. The Anti-Bribery and Corruption Policy and Whistleblowing Policy are available on the Group's website: www.apollofood.com.my.

v. Other Social Activities

The Board believes that better results could be yield from implementing better practices. Therefore, the Group's Code of Conduct and Ethics sets out the principles and standards which guide the way the Group conduct its business. The Code explicitly defines the Board's high expectations on each employee to comply with the terms of good business practices and high personal conduct beyond the strict adherence to local laws and regulations.

SUSTAINABILITY STATEMENT (continued)

MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (continued)

C. Social (continued)

v. Other Social Activities (continued)

The Group has established a proper channel for whistle-blowing with serious effort being taken in communicating the whistle-blowing policy to all its employees. Dedicated email addresses were also set-up for whistle-blower to report any inappropriate ethical behaviours and workplace grievances. The confidentiality of the identity of the whistle-blowers is to be strictly maintained, unless is required by law.

During the financial year, the Group supported various community causes through corporate donations to schools and non-profit organisations.

APOLLO FOOD HOLDINGS BERHAD
199401005792 (291471-M)

Financial Statements

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 30 April 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly manufacturing, distribution and marketing of compound chocolates, chocolate confectionery products and cakes. Further details of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	31,648,303	28,753,547
Profit attributable to owners of the parent	31,648,303	28,753,547

DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year was as follows:

	RM
In respect of the financial year ended 30 April 2022:	
Final single tier dividend of 15 sen per ordinary share, paid on 11 January 2023	12,000,000
In respect of the financial year ended 30 April 2023:	
First interim single tier dividend of 10 sen per ordinary share, paid on 11 January 2023	8,000,000
	20,000,000

The Directors proposed a final single tier dividend of 15 sen per ordinary share, amounting to RM12,000,000 in respect of the financial year ended 30 April 2023, which is subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT (continued)

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:

Apollo Food Holdings Berhad

Liang Chiang Heng
Liang Kim Poh
Foo Swee Eng
Halid Bin Hasbullah
Johnson Kandasamy A/L David Nagappan

Subsidiaries of Apollo Food Holdings Berhad

Liang Chiang Heng
Liang Kim Poh
Liang Thong Guan
Foo Swee Eng
Liang Kim Tee (Resigned on 30 June 2023)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 April 2023 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:

	[---------------------Number of ordinary shares---------------------]			
	Balance as at 1.5.2022	**Bought**	**Sold**	**Balance as at 30.4.2023**
Shares in the Company				
Direct interests:				
Liang Chiang Heng	530,000	-	-	530,000
Liang Kim Poh	225,000	-	-	225,000
Johnson Kandasamy A/L David Nagappan	5,000	-	-	5,000
Indirect interests:				
Liang Chiang Heng	41,048,415	-	-	41,048,415
Liang Kim Poh	41,048,415	-	-	41,048,415
Johnson Kandasamy A/L David Nagappan	18,000	-	-	18,000

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

	[-----Number of ordinary shares-----			]
	Balance as at 1.5.2022	Bought	Sold	Balance as at 30.4.2023
Shares in the ultimate holding company				
Keynote Capital Sdn. Bhd.				
Direct interests:				
Liang Chiang Heng	270,350	-	-	270,350
Liang Kim Poh	232,506	-	-	232,506

By virtue of their interests in shares in the substantial shareholder, Keynote Capital Sdn. Bhd., a company incorporated in Malaysia, Liang Chiang Heng and Liang Kim Poh are deemed to have interests in the Company to the extent of the substantial shareholder's interest in the Company, in accordance with Section 8(4) of the Companies Act 2016 in Malaysia.

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Liang Chiang Heng and Liang Kim Poh 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 ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures 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 deemed benefits arising from related party transactions and remuneration received by certain Directors as Directors of holding company and 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

Directors' remuneration of the Group and of the Company for the financial year ended 30 April 2023 were as follows:

	Group RM	Company RM
Short term employee benefits	9,787,933	51,500
Contributions to defined contribution plan	1,122,798	-
Defined benefit plan	14,151	-
Directors' fees	336,000	300,000
	11,260,882	351,500

DIRECTORS' REPORT (continued)

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The amount of insurance premium paid by the Group and of the Company for the financial year 2023 was RM12,624.

There was no indemnity given to or insurance effected for the auditors of the Group and of 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 have satisfied themselves that there are no known bad debts to be written off and that provision need not be 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 necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company;

(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.

DIRECTORS' REPORT (continued)

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.

HOLDING COMPANY

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 28 March 2023, the Group expressed its intention to dispose of three (3) investment properties with a total consideration of RM33,870,852. Subsequently, on 30 May 2023, the Group entered into a Sale and Purchase Agreement with a third party, namely Ha Teng Holdings Sdn. Bhd. The disposal is expected to be completed within twelve months from the end of the reporting period and as a result, the investment properties have been classified as non-current assets held for sale.

AUDITORS

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

Auditors' remuneration of the Group and the Company for the financial year ended 30 April 2023 were as follows:

	Group RM	Company RM
Statutory audit	107,000	30,000
Non-statutory audit	4,000	4,000
	111,000	34,000

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

....

Liang Chiang Heng
Director

Liang Kim Poh
Director

Johor Bahru
10 August 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 63 to 123 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 30 April 2023 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,

....	....
Liang Chiang Heng	Liang Kim Poh
Director	Director

Johor Bahru
10 August 2023

STATUTORY DECLARATION

I, Liang Kim Poh, being the Director primarily responsible for the financial management of Apollo Food Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 63 to 123 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)
Johor Bahru, Johor this)
10 August 2023)

....
Liang Kim Poh

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO FOOD HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Apollo Food Holdings Berhad, which comprise the statements of financial position as at 30 April 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO FOOD HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matters of the Group

<u>Adequacy of write-down of inventories to net realisable value</u>

As disclosed in Note 11 to the financial statements, the Group held RM26,896,063 of inventories at the end of the reporting period.

We focused on the audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value that was mainly based on management's estimates, which had been derived from expectation of current market prices and future demand.

In estimating the net realisable value of the inventories, management considers the expiry date and changes in customer preference of the respective inventories.

Audit response

Our audit procedures included the following:

a) obtained an understanding of the process implemented by management over the determination of the lower of cost and net realisable value used in the valuation of inventories;

b) analysed the inventories turnover period by comparing that to the assessment of management on the identification of slow moving and obsolete inventories; and

c) assessed the appropriateness of inventories written down by verifying selling prices subsequent to the end of the reporting period.

Key Audit Matters of the Company

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 APOLLO FOOD HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO FOOD HOLDINGS BERHAD (continued) (Incorporated in Malaysia)

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 International Standards on Auditing, 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 Group's and the Company's internal control.

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

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

(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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APOLLO FOOD HOLDINGS BERHAD (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Other Matters

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

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

Law Kian Huat
02855/06/2024 J
Chartered Accountant

Kuala Lumpur
10 August 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	72,676,777	80,278,410	-	-
Investment properties	8	420,144	12,914,180	-	-
Investments in subsidiaries	9	-	-	59,378,234	59,378,234
Other investments	10	7,558,695	7,336,841	5,009,132	4,693,634
Deferred tax assets	18	74,497	70,656	4,800	-
		80,730,113	100,600,087	64,392,166	64,071,868
Current assets					
Inventories	11	26,896,063	20,922,211	-	-
Trade and other receivables	12	27,195,165	30,226,483	29,780,360	20,863,223
Current tax assets		920,622	1,459,136	-	5,694
Short term funds	13	3,033,751	3,679,417	-	-
Cash and bank balances	14	104,908,558	87,116,817	25,394,455	25,787,724
		162,954,159	143,404,064	55,174,815	46,656,641
Non-current assets held for sale	15	12,280,246	-	-	-
TOTAL ASSETS		255,964,518	244,004,151	119,566,981	110,728,509
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	84,325,454	84,325,454	84,325,454	84,325,454
Retained earnings		154,184,319	142,536,016	34,871,172	26,117,625
TOTAL EQUITY		238,509,773	226,861,470	119,196,626	110,443,079

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2023 (continued)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Retirement benefits obligations	17	2,210,197	2,005,965	-	-
Deferred tax liabilities	18	7,227,480	7,202,591	-	-
		9,437,677	9,208,556	-	-
Current liabilities					
Trade and other payables	19	7,555,666	7,589,500	367,500	285,430
Current tax liabilities		461,402	344,625	2,855	-
		8,017,068	7,934,125	370,355	285,430
TOTAL LIABILITIES		17,454,745	17,142,681	370,355	285,430
TOTAL EQUITY AND LIABILITIES		255,964,518	244,004,151	119,566,981	110,728,509

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Revenue	20	257,106,324	188,266,001	29,217,381	20,258,999
Cost of sales		(192,443,528)	(150,145,717)	-	-
Gross profit		64,662,796	38,120,284	29,217,381	20,258,999
Other income		3,568,190	3,419,249	674,692	1,138,214
Distribution costs		(2,536,309)	(3,025,314)	-	-
Administrative expenses		(25,813,609)	(25,184,682)	(982,778)	(523,379)
Profit before tax	21	39,881,068	13,329,537	28,909,295	20,873,834
Tax expense	22	(8,232,765)	(3,357,959)	(155,748)	(152,336)
Profit for the financial year		31,648,303	9,971,578	28,753,547	20,721,498
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefits obligations, net of tax	22(c)	-	264,836	-	-
Total other comprehensive income, net of tax		-	264,836	-	-
Total comprehensive income		31,648,303	10,236,414	28,753,547	20,721,498
Profit attributable to owners of the parent		31,648,303	9,971,578	28,753,547	20,721,498
Total comprehensive income attributable to owners of the parent		31,648,303	10,236,414	28,753,547	20,721,498
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic	26	39.56	12.46		
- Diluted	26	39.56	12.46		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

Group	Note	Share capital RM	Distributable Retained earnings RM	Total RM
Balance as at 1 May 2021		84,325,454	152,299,602	236,625,056
Profit for the financial year		-	9,971,578	9,971,578
Other comprehensive income, net of tax				
- Remeasurement of retirement benefits obligations	22(c)	-	264,836	264,836
Total comprehensive income, net of tax		-	10,236,414	10,236,414
Transaction with owners				
Dividend paid	23	-	(20,000,000)	(20,000,000)
Balance as at 30 April 2022		84,325,454	142,536,016	226,861,470
Balance as at 1 May 2022		84,325,454	142,536,016	226,861,470
Profit for the financial year		-	31,648,303	31,648,303
Other comprehensive income, net of tax		-	-	-
Total comprehensive income, net of tax		-	31,648,303	31,648,303
Transaction with owners				
Dividends paid	23	-	(20,000,000)	(20,000,000)
Balance as at 30 April 2023		84,325,454	154,184,319	238,509,773

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (continued)

Company	Note	Share capital RM	Distributable Retained earnings RM	Total RM
Balance as at 1 May 2021		84,325,454	25,396,127	109,721,581
Profit for the financial year		-	20,721,498	20,721,498
Other comprehensive income, net of tax		-	-	-
Total comprehensive income, net of tax		-	20,721,498	20,721,498
Transaction with owners				
Dividend paid	23	-	(20,000,000)	(20,000,000)
Balance as at 30 April 2022		84,325,454	26,117,625	110,443,079
Balance as at 1 May 2022		84,325,454	26,117,625	110,443,079
Profit for the financial year		-	28,753,547	28,753,547
Other comprehensive income, net of tax		-	-	-
Total comprehensive income, net of tax		-	28,753,547	28,753,547
Transaction with owners				
Dividends paid	23	-	(20,000,000)	(20,000,000)
Balance as at 30 April 2023		84,325,454	34,871,172	119,196,626

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		39,881,068	13,329,537	28,909,295	20,873,834
Adjustments for:					
Depreciation of:					
- investment properties	8	213,790	213,790	-	-
- property, plant and equipment	7	8,981,698	9,306,030	-	-
Dividend income from:					
- subsidiaries	20	-	-	(29,000,020)	(20,000,020)
- other investments	20	(322,298)	(350,182)	(217,361)	(258,979)
Gain on disposals of other investments		-	(147,883)	-	(147,883)
Fair value loss/(gain) on other investments	10(a)	472,999	(678,208)	372,794	(349,430)
Interest income		(1,678,361)	(1,382,036)	(674,692)	(640,901)
Provision of retirement benefits	17(c)	297,024	(19,525)	-	-
Property, plant and equipment written off	7	450	117,412	-	-
Net unrealised (gain)/loss on foreign exchange		(430,056)	825,501	-	-
Operating profit/(loss) before changes in working capital		47,416,314	21,214,436	(609,984)	(523,379)
Changes in working capital:					
Inventories		(5,973,852)	(5,229,527)	-	-
Trade and other receivables		2,928,951	(3,394,888)	82,863	24,550
Trade and other payables		(35,075)	(4,114,719)	82,070	45,180
Cash generated from/(used in) operations		44,336,338	8,475,302	(445,051)	(453,649)
Interest received		1,678,361	1,382,036	674,692	640,901
Retirement benefits paid	17(c)	(92,792)	(673,982)	-	-
Tax paid		(7,556,426)	(6,561,749)	(151,999)	(149,553)
Net cash from operating activities		38,365,481	2,621,607	77,642	37,699

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (continued)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayments from subsidiaries		-	-	20,000,020	20,000,020
Dividends received	20	322,298	350,182	217,361	258,979
Net withdrawal/(placement) of short term funds		645,666	(77,194)	-	-
Proceeds from disposals of other investments		-	414,901	-	414,901
Purchase of:					
- property, plant and equipment	7	(1,380,515)	(2,445,425)	-	-
- other investments	10(a)	(694,853)	(464,087)	(688,292)	(457,124)
Withdrawal/(Placement) of deposits with licensed banks with maturity period more than three months		4,754,203	322,044	1,948,501	(1,986,091)
Net cash from/(used in) investing activities		3,646,799	(1,899,579)	21,477,590	18,230,685
CASH FLOWS FROM FINANCING ACTIVITY					
Dividends paid	23	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Net cash used in financing activity		(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Net increase/(decrease) in cash and cash equivalents		22,012,280	(19,277,972)	1,555,232	(1,731,616)
Effects of exchange rate changes on cash and cash equivalents		533,664	(930,700)	-	-
Cash and cash equivalents at beginning of financial year		77,237,007	97,445,679	20,713,616	22,445,232
Cash and cash equivalents at end of financial year	14(b)	99,782,951	77,237,007	22,268,848	20,713,616

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor.

The principal place of business is located at 70, Jalan Langkasuka, Larkin Industrial Area, 80350 Johor Bahru, Johor.

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

The consolidated financial statements for the financial year ended 30 April 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (‘RM’), which is also the Company’s functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 10 August 2023.

2. PRINCIPAL ACTIVITIES

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

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 disclosed in Note 5.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

(a) The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

(b) Substantive potential voting rights held by the company and by other parties;

(c) Other contractual arrangements; and

(d) Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

  (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.

  (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less 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 periods and rates are as follows:

Long term leasehold land	92 - 98 years
Buildings and improvements	13 - 22 years
Plant, machinery, tools and equipment	4% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 33.33%
Renovation	10% - 20%

Construction-in-progress represents equipment under installation and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is ready for use.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
(c) any initial direct costs incurred by the Group; and
(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group as lessor

Leases in which the Group and the Company do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

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

After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties ranges between twenty-four (24) and fifty (50) years, except for freehold land which has an unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of investment properties is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 *Investment Property* is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments

Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.8 Impairment of non-financial assets

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Inventories

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

Cost is determined using the first-in, first-out formula. Cost of raw materials comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress includes the cost of raw materials. Cost of finished goods 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.

4.10 Financial instruments

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favorable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavorable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of any impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income (FVTOCI), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS 30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities measured at amortised cost, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity instrument

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

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

4.11 Financial guarantee contracts

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

Financial guarantee contracts are recognised as financial liabilities at the time the guarantee are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

4.12 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss (“ECL”). This entails recognising a lifetime expected loss allowance for all trade receivables.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment of financial assets (continued)

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and futures forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

The expected loss rates are based on the Group's historical credit losses experience over the five (5) year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the inflation rate (2022: unemployment rate) as the key macroeconomic factors.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward looking information (inflation rate (2022: unemployment rate)) 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 a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables, equity loan and amounts due from subsidiaries are recognised based on the general approach within MFRS 9 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. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month 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. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Credit impaired refers to any individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment of financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-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 date. 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 and the Company defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred, which includes debtors who are in significant difficulties or have defaulted on payments.

The probability of non-payment other receivables, equity loan and amounts due from subsidiaries is adjusted by forward looking information (inflation rate (2022: unemployment rate)) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for other receivables, equity loan and amounts due from subsidiaries.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4.13 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

(b) Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.14 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Employee benefits (continued)

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

(c) Defined benefit plan

The Group operates an unfunded defined benefit plan for eligible employees of the Group.

The recognition and measurement of the defined benefits plan involve:

(i) Determining the deficit or surplus by:

(a) Using an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the Group of the benefit that employees have earned in return for their service in the current and prior periods;

(b) Discounting that benefit in order to determine the present value of the defined benefit obligation and the current service cost; and

(c) Deducting the fair value of any plan assets from the present value of the defined benefit obligation.

(ii) Determining the amount of the net defined benefit liability as the amount of the deficit or surplus as determined above, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling; and

(iii) Determining amounts to be recognised in profit or loss, i.e. current service cost, any past service cost and gain or loss on settlement and net interest on the net defined benefit liability.

The Group determines the net defined benefit liability annually so that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The Group recognises the net defined benefit liability in the statements of financial position.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The Group uses the yield rate of high quality government or corporate bonds to discount the post-employment benefit obligations. The currency and term of the government bonds (corporate bonds) are consistent with the currency and estimated term of the post-employment benefit obligations of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Employee benefits (continued)

(c) Defined benefit plan (continued)

The remeasurement of the net defined obligation are recognised directly within equity. The remeasurement include:

(i) Actuarial gains and losses;
(ii) Return on plan assets, excluding interest; and
(iii) Any asset ceiling effects, excluding interest.

Services costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payments during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

If the Group has an unconditional right to a refund during the life of the plan, it would recognise an asset measured as the amount of the surplus at the end of the reporting period that it has a right to receive a refund which would be the fair value of the plan assets less the present value of the defined benefits obligation, less any associated costs, such as taxes. If the amount of a refund is determined as the full amount or a proportion of the surplus, rather than a fixed amount, the Group would make no adjustment for the time value of money, even if the refund is realisable only at a future date.

If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the present value of future service cost to the entity at the end of each reporting period over the shorter of the expected life of the plan and the expected life of the entity. The Group would assume no change to the benefits provided by a plan in the future until the plan is amended and shall assume a stable workforce in the future unless it is demonstrably committed at the end of the reporting period to make a reduction in the number of employees covered by the plan.

4.15 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Foreign currencies (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.16 Revenue recognition

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

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

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

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

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

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

<u>Sale of goods</u>

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

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

Revenue not contracted with customers:

(a) Dividend and distribution income

Dividend and distribution income is recognised when the right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Revenue recognition (continued)

Revenue not contracted with customers: (continued)

(b) Other income

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(ii) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

4.17 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds, if any, would result in a restatement of prior period segment data for comparative purposes.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Earnings per share

(a) Basic

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

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Non-current assets held for sale

Assets are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, assets (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Assets held for sale are classified as current assets in the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the assets classified as held for sale is presented separately.

If the Group has classified assets as held for sale but subsequently, the criteria for classification is no longer met, the Group ceases to classify the assets as held for sale. The Group measures an asset that ceases to be classified as held for sale at the lower of:

(a) Its carrying amount before the assets was classified as held for sale, adjusted for any depreciation and amortisation that would have been recognised had the assets not been classified as held for sale; and

(b) Its recoverable amount at the date of the subsequent decision not to sell.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Fair value measurement

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 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:

Title	Effective Date
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022

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

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 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:

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendments to MFRS 17 *Insurance Contract*)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
*Deferred tax related to Assets and Liabilities arising from a Single Transaction (*Amendments to MFRS 112 *Income Taxes*)	1 January 2023
International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)	Refer paragraph 98M of MFRS 112
Lease liability in a sale and leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

<u>Adequacy of write-down of inventories to net realisable value</u>

Management focused on the risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value that was mainly based on management's estimates, which had been derived from expectation of current market prices and future demand.

In estimating the net realisable value of the inventories, management considers the expiry date and changes in customer preference of the respective inventories.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.5.2022 RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.4.2023 RM
Carrying amount					
Right-of-use asset - leasehold land	22,486,226	-	-	(250,419)	22,235,807
Buildings and improvements	8,827,349	-	-	(1,366,835)	7,460,514
Plant, machinery, tools and equipment	41,660,471	392,308	(290)	(5,233,691)	36,818,798
Motor vehicles	200,621	349,288	-	(147,482)	402,427
Office equipment, furniture and fittings	977,502	47,809	(159)	(292,163)	732,989
Renovation	6,126,241	591,110	(1)	(1,691,108)	5,026,242
	80,278,410	1,380,515	(450)	(8,981,698)	72,676,777

	<---------- At 30.4.2023			---------->
	Cost RM	Accumulated depreciation RM	Accumulated impairment loss RM	Carrying amount RM
Right-of-use asset - leasehold land	27,054,380	(4,818,573)	-	22,235,807
Buildings and improvements	24,731,467	(16,411,458)	(859,495)	7,460,514
Plant, machinery, tools and equipment	180,769,868	(143,951,070)	-	36,818,798
Motor vehicles	3,150,368	(2,747,941)	-	402,427
Office equipment, furniture and fittings	5,998,441	(5,265,452)	-	732,989
Renovation	17,980,265	(12,954,023)	-	5,026,242
	259,684,789	(186,148,517)	(859,495)	72,676,777

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.5.2021 RM	Additions RM	Reclassification RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 30.4.2022 RM
Carrying amount						
Right-of-use asset - leasehold land	22,918,267	-	-	-	(432,041)	22,486,226
Buildings and improvements	10,194,184	-	-	-	(1,366,835)	8,827,349
Plant, machinery, tools and equipment	37,255,358	2,002,749	7,717,188	(1)	(5,314,823)	41,660,471
Motor vehicles	376,448	-	-	-	(175,827)	200,621
Office equipment, furniture and fittings	1,127,165	147,586	-	-	(297,249)	977,502
Renovation	7,550,406	295,090	-	-	(1,719,255)	6,126,241
Construction-in-progress	7,834,599	-	(7,717,188)	(117,411)	-	-
	87,256,427	2,445,425	-	(117,412)	(9,306,030)	80,278,410

	<---- At 30.4.2022 ----			---->
	Cost RM	Accumulated depreciation RM	Accumulated impairment loss RM	Carrying amount RM
Right-of-use asset - leasehold land	27,054,380	(4,568,154)	-	22,486,226
Buildings and improvements	24,731,467	(15,044,623)	(859,495)	8,827,349
Plant, machinery, tools and equipment	180,553,634	(138,893,163)	-	41,660,471
Motor vehicles	2,801,080	(2,600,459)	-	200,621
Office equipment, furniture and fittings	6,679,824	(5,702,322)	-	977,502
Renovation	17,391,455	(11,265,214)	-	6,126,241
	259,211,840	(178,073,935)	(859,495)	80,278,410

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

8. INVESTMENT PROPERTIES

Group	Balance as at 1.5.2022 RM	Reclassification to non-current assets held for sale (Note 15) RM	Depreciation charge for the financial year RM	Balance as at 30.4.2023 RM
Carrying amount				
Freehold land	12,280,246	(12,280,246)	-	-
Freehold buildings	223,018	-	(8,332)	214,686
Leasehold land	119,250	-	(59,625)	59,625
Leasehold building	291,666	-	(145,833)	145,833
	12,914,180	(12,280,246)	(213,790)	420,144

	<------------------------ At 30.4.2023 ------------------------>		
	Cost RM	Accumulated Depreciation RM	Carrying amount RM
Freehold buildings	416,587	(201,901)	214,686
Leasehold land	1,431,000	(1,371,375)	59,625
Leasehold building	3,500,000	(3,354,167)	145,833
	5,347,587	(4,927,443)	420,144

Group	Balance as at 1.5.2021 RM	Depreciation charge for the financial year RM	Balance as at 30.4.2022 RM
Carrying amount			
Freehold land	12,280,246	-	12,280,246
Freehold buildings	231,350	(8,332)	223,018
Leasehold land	178,875	(59,625)	119,250
Leasehold building	437,499	(145,833)	291,666
	13,127,970	(213,790)	12,914,180

	<------------------------ At 30.4.2022 ------------------------>		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	12,280,246	-	12,280,246
Freehold buildings	416,587	(193,569)	223,018
Leasehold land	1,431,000	(1,311,750)	119,250
Leasehold building	3,500,000	(3,208,334)	291,666
	17,627,833	(4,713,653)	12,914,180

8. INVESTMENT PROPERTIES (continued)

(a) The following are recognised in profit or loss:

	Group	
	2023	**2022**
	RM	**RM**
Lease income	381,000	395,600
Direct operating expenses:		
- income generating investment properties	24,261	23,488
- non-income generating investment properties	56,838	54,086

(b) The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	2023	**2022**
	RM	**RM**
Less than one year	31,000	393,600
One to two years	-	36,400
	31,000	430,000

(c) The fair value of the investment properties of approximately RM1,410,000 (2022: RM25,310,000) at level 3 was recommended by the Directors as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square foot basis. Any changes in the price per square foot will result in a reasonable change in the fair value of the investment properties.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	**2022**
	RM	**RM**
Unquoted equity shares, at cost	39,378,234	39,378,234
Equity loan	20,000,000	20,000,000
	59,378,234	59,378,234

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that an outstanding balance amounting to RM20,000,000 (2022: RM20,000,000) shall constitute an equity loan to a subsidiary as it is unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future and is considered to be part of the investment of the Company providing the subsidiary with a long term source of additional capital. No expected credit loss is recognised as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

9. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2023 %	2022 %	Principal activities
Apollo Food Industries (M) Sdn. Bhd.#	Malaysia	100	100	Manufacturing of compound chocolates, chocolate confectionery products and cakes.
Hap Huat Food Industries Sdn. Bhd.#	Malaysia	100	100	Distribution and marketing of compound chocolates, chocolate confectionery products and cakes.

#*Subsidiaries audited by BDO PLT, Malaysia*

10. OTHER INVESTMENTS

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Fair value through profit or loss				
Non-current assets				
- quoted shares in Malaysia	7,557,695	7,335,841	5,009,132	4,693,634
- unquoted shares in Malaysia	1,000	1,000	-	-
Total other investments	7,558,695	7,336,841	5,009,132	4,693,634

(a) The reconciliation of movements in other investments is as follows:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
At beginning of year	7,336,841	6,461,564	4,693,634	4,154,098
Additions	694,853	464,087	688,292	457,124
Disposals	-	(267,018)	-	(267,018)
Fair value (loss)/gain	(472,999)	678,208	(372,794)	349,430
At end of year	7,558,695	7,336,841	5,009,132	4,693,634

(b) Information on the fair value hierarchy is disclosed in Note 29 to the financial statements.

(c) Information on financial risks of other investments is disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

11. INVENTORIES

	Group 2023 RM	Group 2022 RM
At cost		
Raw materials	13,821,307	11,587,223
Work-in-progress	1,564,484	1,118,235
Finished goods	7,466,061	3,543,947
Packaging materials	4,044,211	4,672,806
	26,896,063	20,922,211

During the financial year, inventories of the Group recognised as cost of sales amounted to RM147,433,595 (2022: RM114,816,426).

12. TRADE AND OTHER RECEIVABLES

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade receivables				
Third parties	24,927,129	28,393,720	-	-
Other receivables				
Third parties	695,011	846,562	628,267	789,119
Amounts owing by subsidiaries	-	-	29,000,020	20,000,020
Interest receivable from deposits with licensed banks	202,479	90,493	136,590	56,601
Deposits	1,226,430	685,046	2,150	2,150
	2,123,920	1,622,551	29,767,027	20,847,890
	27,051,049	30,016,271	29,767,027	20,847,890
Prepayments	144,116	210,212	13,333	15,333
	27,195,165	30,226,483	29,780,360	20,863,223

(a) Trade receivables are non-interest bearing and the normal trade terms granted by the Group range from 30 days to 60 days (2022: 30 days to 60 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Amounts owing by subsidiaries represent dividend income receivable from subsidiaries, which are interest-free and receivable within the next twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

12. TRADE AND OTHER RECEIVABLES (continued)

(c) The currency exposure profile of trade and other receivables (net of prepayments) are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	26,123,828	28,054,100	29,767,027	20,847,890
United States Dollar	888,554	1,779,263	-	-
Singapore Dollar	38,667	182,908	-	-
	27,051,049	30,016,271	29,767,027	20,847,890

(d) 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. Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

(e) Lifetime expected loss provision for trade receivables of the Group are as follows:

	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
As at 30 April 2023			
Not past due	24,919,189	-	24,919,189
Past due:			
1 to 30 days	4,265	-	4,265
31 to 60 days	-	-	-
More than 60 days	3,675	-	3,675
	7,940	-	7,940
	24,927,129	-	24,927,129

12. TRADE AND OTHER RECEIVABLES (continued)

(e) Lifetime expected loss provision for trade receivables of the Group are as follows: (continued)

	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
As at 30 April 2022			
Not past due	28,372,002	-	28,372,002
Past due:			
1 to 30 days	10,856	-	10,856
31 to 60 days	4,052	-	4,052
More than 60 days	6,810	-	6,810
	21,718	-	21,718
	28,393,720	-	28,393,720

The collective assessment of impairment of trade receivables shares similar credit risk characteristics and industries. No expected credit loss is recognised arising from trade receivables as it is negligible.

None of the trade receivables of the Group that are past due but not impaired have been renegotiated during the financial year. These receivables are not secured by any collateral.

(f) Impairment for other receivables and amounts owing by subsidiaries are assessed based on the general approach within MFRS 9 using the forward looking expected credit loss model. The Group and the Company defined significant increase in credit risk when there is changes in contractual terms and delay in payment from its other receivables. No expected credit loss is recognised arising from other receivables and amounts owing by subsidiaries as it is negligible.

(g) Information on financial risks of trade and other receivables is disclosed in Note 30 to the financial statements.

13. SHORT TERM FUNDS

	Group 2023 RM	2022 RM
At fair value through profit or loss		
Trust fund in Malaysia	1,032,691	3,679,417
Short term fund in Malaysia	2,001,060	-
	3,033,751	3,679,417

(a) Trust fund in Malaysia represents investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(b) Short term fund represents dual currencies interest earning investments, which are readily convertible to known amounts of cash and are also subject to currencies translation risk upon conversion.

13. SHORT TERM FUNDS (continued)

(c) The currency exposure profile of short term funds are as follows:

	2023 RM	2022 RM
Ringgit Malaysia	1,032,691	3,679,417
Singapore Dollar	2,001,060	-
	3,033,751	3,679,417

(d) Information on the fair value hierarchy is disclosed in Note 29(d) to the financial statements.

(e) Information on financial risks of short term funds is disclosed in Note 30 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	49,416,101	41,200,070	723,513	327,367
Deposits with licensed banks	55,492,457	45,916,747	24,670,942	25,460,357
	104,908,558	87,116,817	25,394,455	25,787,724

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	93,854,451	64,652,285	25,394,455	25,787,724
United States Dollar	10,022,355	9,649,185	-	-
Euro	696,136	12,463,926	-	-
Singapore Dollar	335,616	351,421	-	-
	104,908,558	87,116,817	25,394,455	25,787,724

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

14. CASH AND BANK BALANCES (continued)

(b) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	49,416,101	41,200,070	723,513	327,367
Deposits with licensed banks	55,492,457	45,916,747	24,670,942	25,460,357
	104,908,558	87,116,817	25,394,455	25,787,724
Less:				
Short term deposits with maturity period more than three (3) months	(5,125,607)	(9,879,810)	(3,125,607)	(5,074,108)
	99,782,951	77,237,007	22,268,848	20,713,616

(c) Deposits with licensed banks of the Group and of the Company have a range of maturity period of 1 month to 6 months (2022: 1 month to 6 months) and 1 month to 6 months (2022: 1 month to 6 months) respectively.

(d) No expected credit losses are recognised arising from the deposits with licensed banks because the probability of default by these licensed banks is negligible.

(e) Information on financial risks of cash and bank balances is disclosed in Note 30 to the financial statements.

15. NON-CURRENT ASSETS HELD FOR SALE

Group	2023 RM	2022 RM
Balance as at beginning of year	-	-
Reclassification from investment properties – freehold land (Note 8)	12,280,246	-
Balance as at end of year	12,280,246	-

On 28 March 2023, the Group expressed its intention to dispose of three (3) investment properties with a total consideration of RM33,870,852. Subsequently, on 30 May 2023, the Group entered into a Sale and Purchase Agreement with a third party, namely Ha Teng Holdings Sdn. Bhd. The disposal is expected to be completed within twelve months from the end of the reporting period and as a result, the investment properties have been classified as non-current assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

16. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares with no par value				
At beginning/end of financial year	80,000,000	84,325,454	80,000,000	84,325,454

The owners of ordinary shares 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 Company's residual assets.

17. RETIREMENT BENEFITS OBLIGATIONS

(a) The Group operates an unfunded defined benefits retirement plan for its eligible employees and Directors. Under the plan, employees and Executive Directors with a minimum period of five (5) years services with the Group are entitled to retirement benefits based on their last drawn final salary and length of service on attainment of the retirement age of 60.

(b) The amounts recognised in the statements of financial position are determined as follows:

Group	2023 RM	2022 RM
Present value of defined benefit obligations	2,210,197	2,005,965
Analysed as follows:		
Non-current liabilities	2,210,197	2,005,965

(c) The following table sets out the reconciliation of the defined benefit plan:

Group	2023 RM	2022 RM
Balance as at beginning of financial year	2,005,965	3,047,940
Current service costs	159,366	145,121
Past service costs	41,407	(253,258)
Interest costs	96,251	88,162
Included in profit or loss	297,024	(19,525)
Remeasurement:		
Effect of changes in demographic assumptions	-	34,434
Effect of changes in financial assumptions	-	(203,952)
Effect of experience adjustments	-	(178,950)
	-	(348,468)
Benefits paid	(92,792)	(673,982)
Balance as at end of financial year	2,210,197	2,005,965

17. RETIREMENT BENEFITS OBLIGATIONS (continued)

(d) The principal actuarial assumptions used are as follows:

	Group	
	2023	2022
	%	%
Discount rate	5.3	5.3
Expected rate of salary increases	5.0	5.0

18. DEFERRED TAX LIABILITIES/(ASSETS)

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At beginning of year	7,131,935	7,057,125	-	-
Recognised in profit or loss (Note 22)	21,048	(8,822)	(4,800)	-
Recognised in other comprehensive income	-	83,632	-	-
At end of year	7,152,983	7,131,935	(4,800)	-
Presented after appropriate offsetting:				
Deferred tax liabilities	7,227,480	7,202,591	-	-
Deferred tax assets	(74,497)	(70,656)	(4,800)	-
At end of financial year	7,152,983	7,131,935	(4,800)	-

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Equipment and investment property RM	Payables RM	Total RM
Balance as at 1 May 2022	(70,656)	-	(70,656)
Recognised in profit or loss	959	(4,800)	(3,841)
Balance as at 30 April 2023	(69,697)	(4,800)	(74,497)
Offsetting	69,697	4,800	74,497
Deferred tax assets (after off-setting)	-	-	-
Balance as at 1 May 2021	(79,662)	-	(79,662)
Recognised in profit or loss	9,006	-	9,006
Balance as at 30 April 2022	(70,656)	-	(70,656)
Offsetting	70,656	-	70,656
Deferred tax assets (after off-setting)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

18. DEFERRED TAX LIABILITIES/(ASSETS) (continued)

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Payables RM	Others RM	Total RM
Balance as at 1 May 2022	8,315,125	(914,414)	(198,120)	7,202,591
Recognised in profit or loss	39,995	364,291	(379,397)	24,889
Balance as at 30 April 2023	8,355,120	(550,123)	(577,517)	7,227,480
Offsetting	(69,697)	(4,800)	-	(74,497)
Deferred tax liabilities (after off-setting)	8,285,423	(554,923)	(577,517)	7,152,983
Balance as at 1 May 2021	8,738,517	(1,877,630)	275,900	7,136,787
Recognised in profit or loss	(423,392)	879,584	(474,020)	(17,828)
Recognised in other comprehensive income	-	83,632	-	83,632
Balance as at 30 April 2022	8,315,125	(914,414)	(198,120)	7,202,591
Offsetting	(70,656)	-	-	(70,656)
Deferred tax liabilities (after off-setting)	8,244,469	(914,414)	(198,120)	7,131,935

Deferred tax assets of the Company

	Payables RM
Balance as at 1 May 2022	-
Recognised in profit or loss	4,800
Balance as at 30 April 2023	4,800
Balance as at 1 May 2021/ 30 April 2022	-

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	1,508,063	3,365,041	-	-
Other payables				
Third parties	1,250,451	941,241	-	-
Accruals	4,636,152	3,143,528	367,500	285,430
Deposits received	161,000	139,690	-	-
	6,047,603	4,224,459	367,500	285,430
	7,555,666	7,589,500	367,500	285,430

(a) Trade payables are non-interest bearing and the normal trade terms granted to the Group range from 7 days to 60 days (2022: 7 days to 60 days) from the date of invoice.

(b) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	7,555,666	7,275,129	367,500	285,430
United States Dollar	-	314,371	-	-
	7,555,666	7,589,500	367,500	285,430

(c) Information on financial risks of trade and other payables is disclosed in Note 30 to the financial statements.

20. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
Recognised at point in time:				
Sale of goods	256,784,026	187,915,819	-	-
Others				
Dividend income				
- subsidiaries	-	-	29,000,020	20,000,020
- other investments	322,298	350,182	217,361	258,979
	322,298	350,182	29,217,381	20,258,999
	257,106,324	188,266,001	29,217,381	20,258,999

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

21. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration:				
- statutory audit	107,000	93,000	30,000	26,000
- under provided in prior year	5,000	-	1,000	-
- non-statutory audit	4,000	3,000	4,000	3,000
Net unrealised loss on foreign exchange	-	825,501	-	-
And after crediting:				
Gain on disposal of other investments	-	147,883	-	147,883
Interest and distribution income from financial institutions	1,678,361	1,382,036	674,692	640,901
Net gain on foreign exchange				
- realised	576,229	384,815	-	-
- unrealised	430,056	-	-	-

22. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax				
- current year	9,398,430	3,360,554	160,055	151,506
- (over)/under provision in prior years	(1,186,713)	6,227	493	830
	8,211,717	3,366,781	160,548	152,336
Deferred tax (Note 18)				
- origination and reversal of temporary differences	694,235	22,033	(4,800)	-
- over provision in prior years	(673,187)	(30,855)	-	-
	21,048	(8,822)	(4,800)	-
	8,232,765	3,357,959	155,748	152,336

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

22. TAX EXPENSE (continued)

(b) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	39,881,068	13,329,537	28,909,295	20,873,834
Tax expense at the applicable tax rate of 24% (2022: 24%)	9,571,456	3,199,089	6,938,231	5,009,720
Tax effects in respect of:				
Non-allowable expenses	612,504	543,538	139,724	123,301
Non-taxable income	(91,295)	(360,040)	(6,922,700)	(4,981,515)
	10,092,665	3,382,587	155,255	151,506
(Over)/Under provision in prior years				
- income tax	(1,186,713)	6,227	493	830
- deferred tax	(673,187)	(30,855)	-	-
	8,232,765	3,357,959	155,748	152,336

(c) Tax on each component of other comprehensive income is as follows:

Group	Before tax RM	Tax effect RM	After tax RM
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefits obligations			
2022	348,468	(83,632)	264,836

23. DIVIDENDS

	Group and Company			
	2023		2022	
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
In respect of the financial year ended 30 April 2023				
First interim single tier dividend	10	8,000,000	-	-
In respect of the financial year ended 30 April 2022				
Final single tier dividend	15	12,000,000	-	-
In respect of the financial year ended 30 April 2021				
Final single tier dividend	-	-	25	20,000,000
	25	20,000,000	25	20,000,000

A final single tier dividend in respect of the financial year ended 30 April 2023 of 15 sen per ordinary share, amounting to RM12,000,000 has been proposed by the Directors after the end of reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 30 April 2024.

24. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and bonuses	36,232,335	30,220,256	51,500	30,500
Contributions to defined contribution plan	2,946,129	3,295,195	-	-
Defined benefit plan	297,024	172,026	-	-
Social security contribution	347,300	273,682	-	-
Other benefits	140,709	122,556	-	-
	39,963,497	34,083,715	51,500	30,500

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM10,924,882 (2022: RM12,249,710) and RM51,500 (2022: RM30,500) respectively.

25. COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	870,000	151,000

26. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	Group	
	2023	2022
Profit attributable to equity holders of the parent ('RM')	31,648,303	9,971,578
Number of ordinary shares in issue (units)	80,000,000	80,000,000
Basic earnings per ordinary share (sen)	39.56	12.46

(b) Diluted

Diluted earnings per ordinary share for the current and previous financial years is equal to the basic earnings per ordinary share for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

27. 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 could be individuals or other entities.

The Company has controlling related party relationships with its subsidiaries and its holding company.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

27. RELATED PARTY DISCLOSURES (continued)

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

	Company	
	2023	**2022**
	RM	**RM**
Subsidiaries:		
Dividend income	29,000,020	20,000,020

(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 executive or otherwise) of the Group and the Company.

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Salaries, bonus and allowances	6,940,063	7,544,098	51,500	30,500
Defined contribution plan	790,457	1,198,008	-	-
Other benefits	-	5,343	-	-
	7,730,520	8,747,449	51,500	30,500
Directors of subsidiaries				
Salaries, bonus and allowances	2,847,870	3,066,531	-	-
Defined contribution plan	332,341	410,201	-	-
Other benefits	14,151	25,529	-	-
	3,194,362	3,502,261	-	-
	10,924,882	12,249,710	51,500	30,500
Fees				
- Directors of the Company	300,000	240,000	300,000	240,000
- Directors of subsidiaries	36,000	36,000	-	-
	336,000	276,000	300,000	240,000
	11,260,882	12,525,710	351,500	270,500

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

28. OPERATING SEGMENTS

Apollo Food Holdings Berhad and its subsidiaries are principally engaged in investment holding, manufacturing, distributing and trading in compound chocolates, chocolate confectionery products and cakes.

Apollo Food Holdings Berhad has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Investment holding division

(ii) Manufacturing, marketing and distribution

Manufacturing, marketing and distribution of compound chocolates, chocolate confectionery products and cakes.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

28. OPERATING SEGMENTS (continued)

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group. All the assets and capital expenditure of the Group are located within Malaysia.

2023	Investment holding RM	Manufacturing, marketing and distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	217,361	256,888,963	-	257,106,324
Inter-segment revenue	29,000,020	153,783,537	(182,783,557)	-
Total revenue	29,217,381	410,672,500	(182,783,557)	257,106,324
Segment (loss)/profit before income tax	(83,525)	39,964,593	-	39,881,068
Interest income	674,692	1,003,669	-	1,678,361
Rental income	-	381,000	-	381,000
Other material non-cash items:				
- depreciation	-	(9,195,488)	-	(9,195,488)
- net unrealised gain in foreign exchange	-	430,056	-	430,056
- fair value loss on other investments	(372,794)	(100,205)	-	(472,999)
- property, plant and equipment written off	-	(450)	-	(450)
Additions to non-current assets other than financial instruments and deferred tax assets	-	1,380,515	-	1,380,515
Segment assets	119,562,181	223,785,472	(88,378,254)	254,969,399
Segment liabilities	367,500	9,398,363	-	9,765,863

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

28. OPERATING SEGMENTS (continued)

2022	Investment holding RM	Manufacturing, marketing and distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	258,979	188,007,022	-	188,266,001
Inter-segment revenue	20,000,020	121,184,749	(141,184,769)	-
Total revenue	20,258,999	309,191,771	(141,184,769)	188,266,001
Segment profit before income tax	881,014	12,448,523	-	13,329,537
Interest income	640,901	741,135	-	1,382,036
Rental income	-	395,600	-	395,600
Other material non-cash items:				
- depreciation	-	(9,519,820)	-	(9,519,820)
- gain on disposals of other investments	147,883	-	-	147,883
- net unrealised loss in foreign exchange	-	(825,501)	-	(825,501)
- fair value gain on other investments	349,430	328,778	-	678,208
- property, plant and equipment written off	-	(117,412)	-	(117,412)
Additions to non-current assets other than financial instruments and deferred tax assets	-	2,445,425	-	2,445,425
Segment assets	110,722,815	211,129,798	(79,378,254)	242,474,359
Segment liabilities	285,430	9,310,035	-	9,595,465

(a) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2023 RM	2022 RM
Revenue		
Total revenue for reportable segments		
- Investment holding	29,217,381	20,258,999
- Manufacturing, marketing and distribution	410,672,500	309,191,771
	439,889,881	329,450,770
Inter-segment revenue	(182,783,557)	(141,184,769)
Revenue from external customers	257,106,324	188,266,001
Profit for the financial year		
Total profit or loss for reportable segments	39,881,068	13,329,537
Tax expense	(8,232,765)	(3,357,959)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	31,648,303	9,971,578

28. OPERATING SEGMENTS (continued)

(a) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows: (continued)

	2023 RM	2022 RM
Total assets for reportable segments	254,969,399	242,474,359
Tax assets	995,119	1,529,792
Assets of the Group per consolidated statement of financial position	255,964,518	244,004,151
Total liabilities for reportable segments	9,765,863	9,595,465
Tax liabilities	7,688,882	7,547,216
Liabilities of the Group per consolidated statement of financial position	17,454,745	17,142,681

(b) Geographical segments

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of the Group's customers.

Revenue from external customers	2023 RM	2022 RM
Malaysia	175,816,719	139,089,941
Asean (excluding Malaysia)	75,710,508	44,901,212
Others	5,579,097	4,274,848
	257,106,324	188,266,001

(c) Major customers

Revenue from three (3) (2022: three (3)) major customers from sales of goods represent approximately RM89,902,010 (2022: RM56,386,510) of the Group's revenue.

29. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that the Group continues as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group's capital structure is represented by the equity of the Company. No changes were made in the objectives, policies or processes during the financial years ended 30 April 2023 and 30 April 2022.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity more than the twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 30 April 2023.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Categories of financial instruments

Group	**2023 RM**	**2022 RM**
Financial assets		
Fair value through profit or loss		
Other investments	7,558,695	7,336,841
Short term funds	3,033,751	3,679,417
	10,592,446	11,016,258
Amortised cost		
Trade and other receivables, net of prepayments	27,051,049	30,016,271
Cash and bank balances	104,908,558	87,116,817
	131,959,607	117,133,088
	142,552,053	128,149,346
Financial liability		
Amortised cost		
Trade and other payables	7,555,666	7,589,500

Company	**2023 RM**	**2022 RM**
Financial assets		
Fair value through profit or loss		
Other investments	5,009,132	4,693,634
Amortised cost		
Trade and other receivables, net of prepayments	29,767,027	20,847,890
Cash and bank balances	25,394,455	25,787,724
	55,161,482	46,635,614
	60,170,614	51,329,248
Financial liability		
Amortised cost		
Other payables and accruals	367,500	285,430

29. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liability are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and financial liability such as trade and other receivables and trade and other payables, are reasonable approximation of fair values due to their short-term nature.

(ii) Quoted shares

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

(iii) Unquoted shares

In view of the insignificant financial effect on the Group's profit net of tax with the possible change in fair value, the effect of fair value was not disclosed in the financial statements.

(iv) Short term fund

Short term fund represents dual currencies interest earning investments, which are readily convertible to known amounts of cash and are also subject to currencies translation risk upon conversion. The fair value of dual currencies investments are determined by reference to over the counter rates at the close of the business at the end of each reporting period.

(v) Trust fund

Trust fund of the Group comprises money market fund which is highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value.

The fair value of trust fund is determined by reference to the exchange quoted market bid price at the close of the business at the end of each reporting period.

(vi) Financial guarantees

The Company provides corporate guarantees to licensed bank for banking facilities granted to a subsidiary for supply of services by third parties. The fair value of such financial corporate guarantees is negligible.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

29. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The financial instruments of the Group and of the Company that are carried at fair value and whose carrying amounts approximate their fair values are as follows:

	Fair value of financial instruments carried at fair value					
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
2023	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Fair value through profit or loss						
Other investments	7,557,695	-	1,000	7,558,695	7,558,695	7,558,695
Short term funds	3,033,751	-	-	3,033,751	3,033,751	3,033,751
2022						
Fair value through profit or loss						
Other investments	7,335,841	-	1,000	7,336,841	7,336,841	7,336,841
Short term fund	3,679,417	-	-	3,679,417	3,679,417	3,679,417
Company						
2023						
Fair value through profit or loss						
Other investments	5,009,132	-	-	5,009,132	5,009,132	5,009,132
2022						
Fair value through profit or loss						
Other investments	4,693,634	-	-	4,693,634	4,693,634	4,693,634

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates. It is, and has been throughout the period under review, the Group's policy that no trading and speculation in derivative financial instruments shall be undertaken.

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

(i) Credit risk

Cash deposits and trade receivables 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 licensed financial institutions and creditworthy customers. 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's primary exposure to credit risk arises through its trade and other receivables while the Company's primary exposure is through the amounts owing by subsidiaries. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 60 days (2022: 30 to 60 days). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control officer to minimise credit risk. Overdue balances are reviewed regularly by senior management.

<u>Exposure to credit risk</u>

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

<u>Credit risk concentration profile</u>

At the end of each reporting period:

(a) Approximately 13% (2022: 18%) of the Group's trade receivables were due from one (1) (2022: one (1)) customer; and

(b) The Company does not have any significant concentration of credit risk as at the end of the reporting period other than the amounts owing by subsidiaries of RM29,000,020 (2022: RM20,000,020).

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

The maximum exposure to credit risk without taking into consideration any collateral held or other credit enhancement is represented by the carrying amount of financial assets in the financial statements, net of impairment losses and granting of corporate guarantees to a subsidiary as follows:

	Company	
	2023	**2022**
	RM	**RM**
Corporate guarantees - unsecured		
Limit:		
In favour of third parties for supply goods and services to a subsidiary		
- limit of guarantee	10,000,000	10,000,000
- amount utilised	1,236,546	1,000,737

(ii) 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.

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

Foreign currency risk is monitored closely and managed to an acceptable level.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in United States Dollar ('USD'), Euro ('EUR') and Singapore Dollar ('SGD') exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group	
		2023	**2022**
Profit after tax		**RM**	**RM**
USD/RM	- strengthen by 2% (2022: 2%)	165,800	168,900
	- weaken by 2% (2022: 2%)	(165,800)	(168,900)
EUR/RM	- strengthen by 2% (2022: 2%)	10,600	189,500
	- weaken by 2% (2022: 2%)	(10,600)	(189,500)
SGD/RM	- strengthen by 2% (2022: 2%)	36,100	8,100
	- weaken by 2% (2022: 2%)	(36,100)	(8,100)

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk

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

The Group's and the Company's exposures to market risk of changes in interest rates relates primarily to the Group's deposits with investment banks and commercial banks. There is no formal hedging policy with respect to interest rate exposure.

The following table sets out the carrying amounts, the weighted average effective interest rates as at the reporting date and the remaining maturities of the Group's and the Company's financial assets that are exposed to interest rate risk.

As at 30 April 2023	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
Group						
Fixed rates						
Short term funds	13	4.03	2,001,060	-	-	2,001,060
Deposits with licensed banks	14	2.97	55,492,457	-	-	55,492,457
Floating rates						
Short term funds	13	2.82	1,032,691	-	-	1,032,691
Company						
Fixed rates						
Deposits with licensed banks	14	3.11	24,670,942	-	-	24,670,942
As at 30 April 2022						
Group						
Fixed rates						
Deposits with licensed banks	14	1.90	45,916,747	-	-	45,916,747
Floating rates						
Short term fund	13	2.15	3,679,417	-	-	3,679,417
Company						
Fixed rates						
Deposits with licensed banks	14	1.95	25,460,357	-	-	25,460,357

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) 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 100 basis points with all other variables held constant.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit after tax				
- Increase by 1% (2022: 1%)	445,000	377,000	187,000	193,000
- Decrease by 1% (2022: 1%)	(445,000)	(377,000)	(187,000)	(193,000)

(iv) Liquidity and cash flow risk

Liquidity risk and cash flow risk arises from the Group's management of working capital. It is the risk that the Group and the Company would encounter difficulty in meeting its financial obligations when due.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

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

As at 30 April 2023	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liability				
Trade and other payables	7,555,666	-	-	7,555,666
Total undiscounted financial liability	7,555,666	-	-	7,555,666
Company				
Financial liabilities				
Other payables and accruals	367,500	-	-	367,500
Financial guarantees*	10,000,000	-	-	10,000,000
Total undiscounted financial liabilities	10,367,500	-	-	10,367,500

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2023 (continued)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Liquidity and cash flow risk (continued)

As at 30 April 2022	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liability				
Trade and other payables	7,589,500	-	-	7,589,500
Total undiscounted financial liability	7,589,500	-	-	7,589,500
Company				
Financial liabilities				
Other payables and accruals	285,430	-	-	285,430
Financial guarantees*	10,000,000	-	-	10,000,000
Total undiscounted financial liabilities	10,285,430	-	-	10,285,430

*This disclosure represents the maximum liquidity risk exposure.

(v) Market price risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to price risks as disclosed in Notes 10 and 13 to the financial statements. These instruments are classified as fair value through profit or loss financial assets.

There have been no changes to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

Sensitivity analysis for market price risk

The Group and the Company have considered the sensitivity of the financial instruments to market risks and is of the view that its impact is insignificant.

31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 28 March 2023, the Group expressed its intention to dispose of three (3) investment properties with a total consideration of RM33,870,852. Subsequently, on 30 May 2023, the Group entered into a Sale and Purchase Agreement with a third party, namely Ha Teng Holdings Sdn. Bhd. The disposal is expected to be completed within twelve months from the end of the reporting period and as a result, the investment properties have been classified as non-current assets held for sale.

ANALYSIS OF SHAREHOLDINGS AS AT 02 AUGUST 2023

Statement of shareholdings according to the record of depositors as at 02 August 2023

TOTAL NUMBER OF ISSUED SHARES	:	80,000,000
ISSUED SHARE CAPITAL	:	RM84,325,454
CLASS OF SHARES	:	Ordinary Shares
NO. OF SHAREHOLDERS	:	3,637
VOTING RIGHTS	:	One vote per ordinary share

A) List of Substantial Shareholders

	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	KEYNOTE CAPITAL SDN BHD	41,048,415	51.310	-	-
2	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	8,190,000	10.237	-	-
3	LIANG CHIANG HENG	530,000	0.662	41,048,415*	51.310
4	LIANG KIM POH	225,000	0.281	41,048,415*	51.310

Note :
** By virtue of their interest in Keynote Capital Sdn. Bhd.*

B) List of directors' shareholdings in the Company

	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	LIANG CHIANG HENG	530,000	0.662	41,048,415*	51.310
2	LIANG KIM POH	225,000	0.281	41,048,415*	51.310
3	FOO SWEE ENG	-	-	-	-
5	HALID BIN HASBULLAH	-	-	-	-
6	JOHNSON KANDASAMY A/L DAVID NAGAPPAN	5,000	0.006	18,000#	0.023

Note :
******By virtue of their interest in Keynote Capital Sdn. Bhd.*
\# *By virtue of his wife's shareholding.*

ANALYSIS OF SHAREHOLDINGS
AS AT 02 AUGUST 2023 (continued)

C) List of 30 largest securities account holders

	Name	No. of Shares Held	%
1	KEYNOTE CAPITAL SDN BHD	41,048,415	51.310
2	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	8,190,000	10.237
3	KAM LOONG MINING SDN BHD	2,678,000	3.347
4	FOO KHEN LING	1,068,000	1.335
5	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	1,000,500	1.250
6	CARTABAN NOMINEES (ASING) SDN BHD	1,000,000	1.250
7	SHOPTRA JAYA (M) SDN BHD	584,200	0.730
8	LIANG CHIANG HENG	530,000	0.662
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.	352,500	0.440
10	TEO TIN LUN	314,100	0.392
11	IFAST NOMINEES (TEMPATAN) SDN BHD GLOBAL SUCCESS NETWORK SDN BHD	301,900	0.377
12	DENVER CAPITAL SDN BHD	288,000	0.360
13	LION-PARKSON FOUNDATION	285,400	0.356
14	LEE TOONG HIAN	284,000	0.355
15	CHAI KOON KHOW	243,500	0.304
16	CHOY WEE CHIAP	234,900	0.293
17	LIANG KIM POH	225,000	0.281
18	KAM LOONG CREDIT SDN BHD	220,000	0.275
19	LAM EE LIN	190,000	0.237
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE JOO BEE (PENANG-CL)	182,600	0.228
21	YAP KUM MING	171,500	0.214
22	KHOO AI HUA	163,600	0.204
23	SHARAYU SUNDARARAJ	150,000	0.187
24	SIEW KIM MAN	145,000	0.181
25	TAN HOW KHENG	139,000	0.173
26	LIEW YOON YEE	135,000	0.168
27	KOOI SOO LA	129,600	0.162
28	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	128,800	0.161
29	TAN KIT PENG	128,000	0.160
30	GAN THENG PUAT @ YEOW THENG PUAT	121,200	0.151
	Total	**60,632,715**	**75.79**

ANALYSIS OF SHAREHOLDINGS AS AT 02 AUGUST 2023 (continued)

D) Distribution of Shareholdings

Size	No. of Holders	%	No. of Shares Held	%
Less than 100	59	1.622	732	0.000
100 to 1,000	1,042	28.649	789,174	0.986
1,001 to 10,000	2,116	58.179	8,059,375	10.074
10,001 to 100,000	385	10.585	9,975,404	12.469
100,001 to less than 5% of issued shares	33	0.907	11,936,900	14.921
5% and above of issued shares	2	0.054	49,238,415	61.548
Total	**3,637**	**100.000**	**80,000,000**	**100.000**

LIST OF PROPERTIES
AS AT 30 APRIL 2023

Location	Existing Use	Tenure	Approximate Age of Building (Years)	Land Area (square meters)	Carrying Amount At 30 April 2023 (RM '000)
70, Jalan Langkasuka Larkin Industrial Area 80350 Johor Bahru, Johor	Factory building / Corporate office	99 years leasehold expiring on 08.08.2109	34	7,762	4,713
58, Jalan Langkasuka Larkin Industrial Area 80350 Johor Bahru, Johor	Factory building rented out	60 years leasehold expiring on 14.01.2024	32	10,066	205
GM170 Lot 138 & GM100 Lot 139 Jalan JB – Kota Tinggi Plentong 81800 Ulu Tiram, Johor	Vacant land	Freehold	-	53,620	8,285
HS(M) 2718 PTD 120622 Jalan JB – Kota Tinggi Plentong 81800 Ulu Tiram, Johor	Vacant land	Freehold	-	14,482	3,995
47 & 49, Jalan Saga 14 Taman Desa Cemerlang 81800 Ulu Tiram, Johor	2 units of intermediate double storey terrace house rented out	Freehold	26	328	215
3, 3A & 3B, Jalan Kilang Larkin Industrial Area 80350 Johor Bahru, Johor	Factory building / Cake Production	99 years leasehold expiring on 08.08.2109	54	8,377	3,139
4, 4A & 4B, Jalan Petaling Larkin Industrial Area 80350 Johor Bahru, Johor	Factory building / Waffle production & warehouse	99 years leasehold expiring on 08.08.2109	55	7,661	3,500
5, Jalan Kilang Larkin Industrial Area 80350 Johor Bahru, Johor	Factory building / Cake warehouse	99 years leasehold expiring on 08.08.2109	56	7,751	2,696
3, Jalan Asas Larkin Industrial Area 80350 Johor Bahru, Johor	Factory building / Waffle production & warehouse	99 years leasehold expiring on 08.08.2109	17	11,914	5,277
Balance c/f to next page					32,025

LIST OF PROPERTIES
AS AT 30 APRIL 2023 (continued)

Location	Existing Use	Tenure	Approximate Age of Building (Years)	Land Area (square meters)	Carrying Amount At 30 April 2023 (RM '000)
Balance b/f from previous page					32,025
HS(D) 510994 TLO 786A Larkin Industrial Area 80350 Johor Bahru, Johor	Vacant land	99 years leasehold expiring on 17.09.2111	-	4,046	1,520
6, Jalan Petaling Larkin Industrial Estate 80350 Johor Bahru, Johor	Factory (storage)	92 years leasehold expiring on 21.08.2109	48	11,659	3,866
1, Jalan Asas Larkin Industrial Estate 80350 Johor Bahru, Johor	Workshop & store	99 years leasehold expiring on 18.12.2110	48	9,510	3,365
8, Jalan Petaling Larkin Industrial Estate 80350 Johor Bahru, Johor	Factory building	99 years leasehold expiring on 11.04.2111	33	5,042	1,621
Total					42,397

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We____ [NRIC NO:______________________________________]

of____being a

member/members of **APOLLO FOOD HOLDINGS BERHAD** [Registration No.: 199401005792 (291471-M)] do hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

failing him, the Chairman of the meeting as * my/our proxy to attend and to vote for * me/us on * my/our behalf at the 29th Annual General Meeting of the Company will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its TIIH Online website at https://tiih.online on Tuesday, 17 October 2023 at 9:00 a.m. and at any adjournment thereof.

Please indicate with a cross (X) in the spaces whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit

	FOR	AGAINST
Ordinary Business:		
Ordinary Resolution 1 - Approval of Single Tier Final Dividend		
Ordinary Resolution 2 - Approval of Directors' Fees		
Ordinary Resolution 3 - Approval of payment of Directors' Benefit		
Ordinary Resolution 4 - Re-election of Director – Ms Foo Swee Eng		
Ordinary Resolution 5 - Re-election of Director – Mr Johnson Kandasamy A/L David Nagappan		
Ordinary Resolution 6 - Re-appointment of Messrs BDO as Auditors		

*Strike out whichever not applicable

Dated this _______ day of _________________ 2023

____
Signature of Member(s)/Common Seal

____
Contact No (during office hours)

** Manner of execution:
- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. The 29th AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Share Registrar" or "Tricor" or "TIIH") in Malaysia via its **TIIH Online** website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at this 29th AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members/proxies/corporate representatives/attorneys are advised to follow the procedures of RPV as stated in the Administrative Guide of the 29th AGM.
2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
3. For the purpose of determining who shall be entitled to participate this 29th AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at **09 October 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to participate this 29th AGM via RPV.
4. A member entitled to participate at this 29th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
5. A member of the Company who is entitled to participate at the 29th AGM of the Company may appoint not more than two (2) proxies to participate instead of the member at the Annual General Meeting.
6. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
7. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
9. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
10. The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of appointment made in hardcopy form, the Form of Proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the Form of Proxy must be deposited via TIIH Online at https://tiih.online. Please follow the procedure as set out in the Administrative Guide for the electronic lodgement of Form of Proxy. All Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
13. Last date and time for lodging the Form of Proxy is **Sunday, 15 October 2023** at **9.00 a.m.**
14. For a corporate member who has appointed a representative instead of a proxy to participate this meeting must request authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide of the 29th AGM.

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Postage

THE SHARE REGISTRAR
APOLLO FOOD HOLDINGS BERHAD
Registration No.: 199401005792 (291471-M)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A Vertical Business Suite,
Avenue 3 Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

APOLLO

APOLLO FOOD HOLDINGS BERHAD
199401005792 (291471-M)

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