



ZANTAT HOLDINGS BERHAD
Registration No. 202101040483 (1440783-X)



A SUSTAINABLE MOMENTUM

INTEGRATED ANNUAL REPORT
2023



COVER RATIONALE

Zantat Holdings Berhad's Integrated Annual Report 2023 cover is praiseworthy, effectively conveying a narrative of resilience and sustainable advancement, featuring a striking image of a plant breaking through stones toward sunlight. This metaphor symbolizes the company's dedication to sustainable practices and continuous development. A key highlight is Zantat's recent milestone – debuting on the ACE market of Bursa Securities in 2024, marking a significant step into a new phase of growth. The tagline "A Sustainable Momentum" on the cover reflects the company's commitment to forward-thinking and ecological sensitivity. Overall, the design encapsulates Zantat's dedication and recent achievements, portraying a positive outlook for our future.



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1st

ANNUAL GENERAL MEETING

Address : Sheraton Hotel, Petaling Jaya
Lorong Utara C, PJS 52,
46200 Petaling Jaya, Selangor.

Date : Tuesday, 27 June 2023

Time : 10:00 a.m.



Read the online version of Zantat Holdings Berhad Integrated Annual Report 2023 here.

ABOUT THIS REPORT

Zantat Holdings Berhad (“Zantat” or the “Group”) is pleased to present our first Integrated Annual Report 2023 (“IAR2023”). This report aims to provide a comprehensive overview of Zantat’s utilisation of capitals to create long-term sustainable value, for the financial year ended 31 December 2023 (“FYE2023”). The report extends beyond financial reporting and includes nonfinancial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

REPORTING SCOPE & BOUNDARY

Unless otherwise indicated, the content of this IAR2023 reflects data and activities of the Group from 1 January 2023 to 31 December 2023. Where available, data is presented for 2-4 year time frames. Kindly refer to the Four Year Financial Highlights for specific information. The report focuses on business operations information of Zantat disclosed through the impact it has on the capitals as defined by International Integrated Reporting Council (“IIRC”). All the six capitals cover information on a consolidated basis.

RELATED INFORMATION

This IAR2023 is supplemented with additional online disclosures for our stakeholders. These include financial statements, policies and structures of governance, organisational policies and other pertinent information.

The Group’s latest corporate announcements and our corporate policies are available for viewing on our website: <https://www.zantat.com.my/>

The Group’s corporate governance policies and Code of Conduct and Ethics including Board Charter and its Terms of Reference, Anti-Bribery & Anti-Corruption Policy and Whistleblowing Policy can be viewed at: <https://www.zantat.com.my/>

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements relating to Zantat’s plans, objectives, goals, strategies, future operations, and performance. These statements are subject to inherent risks and uncertainties and should not be construed as guarantees or predictions of the Group’s future performance.

Accordingly, readers are cautioned not to place undue reliance on forward-looking statements as actual results and outcomes could differ significantly from those expressed or implied.

REGULATORY FRAMEWORKS OR DISCLOSURE GUIDES

- ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad
- The Companies Act 2016 (“Act”)
- Malaysian Financial Reporting Standards (“MFRS”)
- Malaysian Code On Corporate Governance 2021 (“MCCG 2021”)
- Bursa Malaysia Sustainability Reporting Guide – Second Edition
- Global Reporting Initiative (GRI) Standards
- International Integrated Reporting Framework of IIRC

ONLINE VERSION AND FEEDBACK

This IAR2023 can be downloaded from: <https://www.zantat.com.my/> as well as Bursa Malaysia Securities Berhad’s website.

Feedback on this report may be channelled to:

Ms Aw Ee Ling

Email: elaw@zantat.com.my

REPORTING FRAMEWORK

SIX CAPITAL



Natural Capital



Intellectual Capital



Social & Relationship Capital



Manufactured Capital



Human Capital



Financial Capital

SEVEN GUIDING PRINCIPLES



Strategic Focus & Future Orientation



Connectivity of Information



Conciseness



Reliability & Completeness



Consistency & Comparability



Materiality



Stakeholder Relationships

EIGHT CONTENT ELEMENTS



Governance



Business Model



Risks & Opportunities



Strategy & Resource Allocation



Performance



Outlook



Basis of Preparation & Presentation



Organisational Overview & External Environment

MATERIAL TOPICS

ECONOMIC GROWTH



Economic impact



Supply chain management

ENVIRONMENTAL STEWARDSHIP



Energy, emission and climate resilience



Waste and effluent management



Water consumption

GOOD GOVERNANCE



Corporate governance and anti-corruption



Data and customer privacy

SOCIAL RESPONSIBILITY



Health and safety



Fair-labour practices



Diversity and inclusion



Contribution to society

WHO WE ARE, VISION & MISSION

DETERMINATION TO EXCEL

Established in 1985 as Zantat Sdn Bhd, our company has evolved into Zantat Holdings Berhad (“**Zantat**”) in 2023, marking our public listing in 2024 and continuing our legacy as one of Malaysia’s foremost producers of high-grade Calcium Carbonate powder and Calcium Carbonate dispersion products. Helmed by a highly devoted team of over thirty years experience and industry know-how, we are known to create lasting value for our customers and business partners by delivering superior quality products and excellent services across diverse industries.

With a determined mindset and unwavering commitment, we ensure our business operations are all carried out with utmost integrity, sincerity and efficiency.

Constantly keeping abreast with the current industry trends, innovation and technology, Zantat is always gearing towards greater heights in our expansion to the international market scene, upholding the same vision and principles laid down by our founders.

WHO WE ARE, VISION & MISSION (CONT'D)



Vision

To establish our presence as a top manufacturer of Calcium Carbonate products and a reliable partner that provides optimum value to customers in diverse industries.



Mission

To deliver on our promise of providing high-quality products and excellent services through strong customer relationships, innovative R&D, and state-of-the-art facilities.

OUR BRAND

OUR BRAND POSITIONING

Back by over three decades of experience and industry know-how, we create lasting value for our customers by providing high-quality products and excellent services across various industries.

Driven by the core values of reliable, determined and resilient, we constantly strive to deliver high quality products and services to our customers. Our humble and sincere approach make us a better partner. We are attentive and we understand the dynamics of our industry. We keep things simple, we are hardworking and we act with swiftness and agility. We are constantly on the look out for more effective and efficient ways to support our customers and keep them up-to-date.

At Zantat, we look upon our customers as business partners and personal friends. We are committed to provide customised and personalised supports to our customers to run and grow a successful business.

OUR LOGO

The Zantat logo represents us at the highest level and is vitally important to our brand. It acts as a signature, an identifier and a stamp of quality. It is, and should always be, the most consistent component in our communications.

Key characteristics of our identity

- Balance of stability and agility
- Reflects an appreciation of detail and precision
- Provides a unique, honest expression
- Sophistication, infused with passion and aspiration

Our tagline, **RELIABLE | DETERMINED | RESILIENT**, works as a self declaration and as a way of being.

OUR BRAND PURPOSE

Our purpose reflects our true goals, abilities and contributions. It connects us with the customers we serve and support, and reminds us of the valuable contributions we make each day to people's lives.

1 Emphasizes our focus on **partnership**

3 Is **practical** and **down-to-earth**

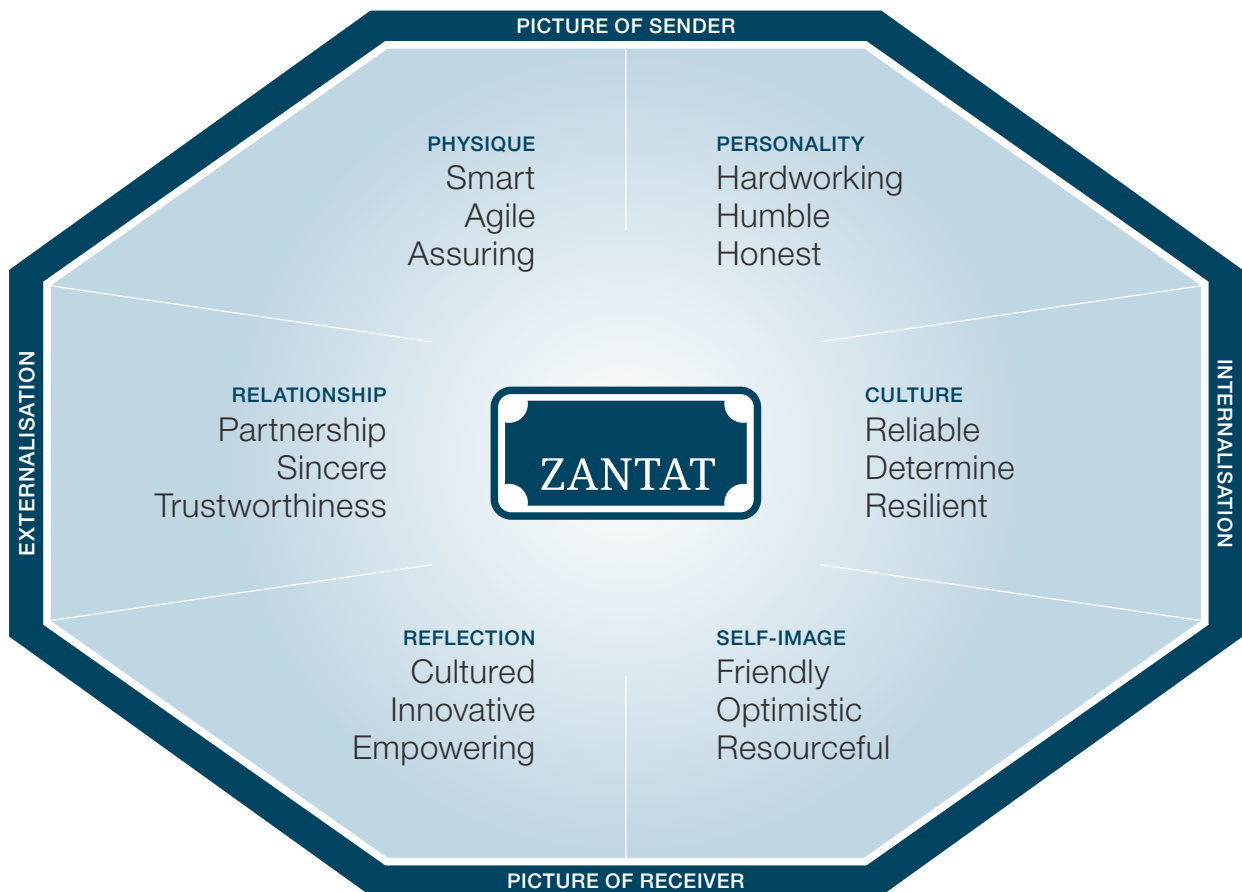
2 Is **empowering** and **optimistic**

4 Reminds all employees of our ability to make **positive impact** every day



OUR PERSONALITY PRISM

Our brand positioning and purpose are the guidelines to our communication, action and interaction. By adhering to our brand personality, we ensure that we appropriately serve our customers as well as building a stronger Zantat.



OUR PRESENCE

ESTABLISHING WORLDWIDE CONNECTION

Zantat has established its presence and made a significant impact in exports to countries across Asia Pacific. We are confidently moving forward for greater expansion in Malaysia and overseas to continuously explore and secure new potential opportunities.

OUR PRESENCE (CONT'D)



KEY MILESTONES

1985

Chan Hup Ooi and Teh Ah Soon @ Teh Soon Tick, our Promoters and founders, as well as 5 third-party shareholders acquired and allotted new shares in Zantat.

1987

We made our first export of coated GCC to Singapore serving customers involved in the manufacturing of PVC pipes and cables.

1986

Zantat commenced operations to produce Ground Calcium Carbonate ("GCC") at KL Plant. We invested in a ball milling machine to produce coated and uncoated GCC. Our customers were manufacturers of polyvinyl chloride ("PVC") pipes and cables, as well as rubber and rubber products.

1997

We introduced a new product, namely ultrafine Precipitated Calcium Carbonate ("PCC") powder, which functions as a release or anti-tack agent in the production of rubber gloves.

2002

We relocated Zantat's ball milling machine from the KL Plant to Calrock Perak Plant for the production of GCC to be closer to the source of raw materials in Perak to reduce transportation costs. Meanwhile, we invested and installed a wet milling machine at KL Plant to develop a new range of calcium carbonate products.

We successfully commercialised the production of PCC dispersion at our KL Plant, whereby PCC dispersion is used as filler in the production of rubber gloves.

2000

Chan Hup Ooi acquired a 50.0% equity stake in Calrock while the remaining 50.0% equity stake was held by a third party, Asia Quest. At the time of acquisition, Calrock, incorporated in 1970, was a producer of uncoated GCC at the Calrock Perak Plant. Its customers were mainly manufacturers of paint, ceramic, glass, plywood and plaster as well as operators from the construction sector.

2003

Zantat Light, incorporated in 2000.

Zantat Light acquired a 10-acres leasehold land with limestone reserves located in Keramat Pulai, Perak ("Perak Quarry 1"). At the time of the acquisition, it was inactive and had a lease expiring in 2015.

2004

We invested in another wet milling machine and started the production of GCC dispersion at our KL Plant for the rubber glove manufacturing industry.

2005

As part of our expansion, Zantat acquired a 5-acre vacant land in Keramat Pulai, Perak to set up a calcium carbonate production plant. The said land is located at approximately 6 km away from Perak Quarry 1.

2006

Zantat Light obtained the Approval Letter of Quarry Operations (currently known as Approval Letter of Operational Mining Scheme), a compulsory licence to commence quarry operations from the Jabatan Mineral dan Geosains Negeri Perak and commenced quarry operations by engaging an external quarry contractor to carry out limestone extraction and crushing activities.

2010

We were granted 60 years lease extension for Perak Quarry 1 till 2070.

We started the construction of a factory building comprising a warehouse and office with a built-up area of approximately 65,500 sq ft at our 5-acre vacant land in Keramat Pulai, Perak (Zantat Perak Plant 1). The first phase of Zantat Perak Plant 1 was completed in 2012.

2011

We installed 3 production lines comprising 1 hammer mill and 3 vertical roller mills for the production of GCC at Zantat Perak Plant 1 with an annual production capacity of approximately 78,000 tonnes of GCC.

KEY MILESTONES (CONT'D)

2012

We started to export coated GCC to India mainly serving customers involved in the manufacturing of plastic masterbatch, a raw material used for the manufacturing of plastics and plastic products.

We also started exporting coated GCC to Australia mainly serving customers involved in the manufacturing of PVC pipes.

2014

The second phase of development of the Zantat Perak Plant 1 was completed in 2014 and we installed 2 additional vertical roller mills and 1 hammer mill.

2016

Chan Hup Ooi purchased the remaining 50.0% equity stake in Calrock from Asia Quest at RM3.6 million based on the NA of Calrock as at August 2016.

2018

Zantat Perak Plant 2 was completed and we installed a new ball milling system mainly to manufacture our ultrafine grade GCC powder namely "Zanelite" with a production capacity of 45,000 tonnes annually.

2021

We incorporated Zaneco to undertake bioplastic compounding.

2024

Zantat Holdings Berhad debuted on the ACE Market of the Bursa Malaysia Securities Berhad on 27 March 2024

2013

Due to increasing demand from India and Australia, we invested in a fourth GCC production line at our Zantat Perak Plant 1 increasing our annual production capacity for GCC at Zantat Perak Plant 1 to approximately 104,000 tonnes.

We started the construction of the second phase of development of our Zantat Perak Plant 1 with a built-up area of approximately 52,500 sq ft.

2015

In 2015, we further installed 2 additional vertical roller mills at our Zantat Perak Plant 1, increasing the annual production capacity of GCC powder at our Zantat Perak Plant 1 to approximately 208,000 tonnes. The additional capacity is to support the increased demand from export markets where our total export quantity for the year reached 140,000 tonnes.

We acquired a 4.7-acre leasehold land and a 14.8-acre leasehold land with limestone reserves ("Perak Quarry 2"), both of which are situated next to our Zantat Perak Plant 1. At the time of acquisition, Perak Quarry 2 was inactive with the lease expiring in 2068.

2017

We started the construction of a factory building comprising a warehouse and office with a built-up area of approximately 107,000 sq ft on the newly acquired 4.7-acre land (Zantat Perak Plant 2).

2020

We developed and commenced the production of kaolin dispersion which functions as a filler to produce synthetic rubber gloves.

We set-up a crushing plant at Zantat Perak Plant 2 to crush and reduce the size of the 6" x 9" limestone rocks produced by our external quarry contractor for our GCC production.

2022

We commenced research and development ("R&D") on the formulation for the bioplastic compound where we mix polylactic acid ("PLA") (imported from China and USA) and polybutylene adipate terephthalated ("PBAT") (imported from China and Taiwan) with our GCC as fillers and other additives, to form bioplastic pellets. We intend to sell these bioplastic pellets to plastic product manufacturers for the production of biodegradable plastic products such as disposable gloves, and plastic packaging bags and films.

Zaneco purchased and installed a bioplastic compounding production line with a monthly production capacity of 300 tonnes at Zantat Perak Plant 2. In April 2023, we obtained the OK compost INDUSTRIAL certification from TUV Austria Cert GmbH for our first bioplastic compound namely a compostable packaging film compound. We are in the process of discussion with several potential customers and has commercialised the said bioplastic compound in the first quarter of 2024.

ZANTAT IN THE NEWS



(from left) M&A Securities head of corporate finance Gary Ting, M&A Equity Holdings Bhd MD Datuk Bill Tan, Zantat deputy chairman Chan Hup Ooi, MD Ivan Chan, chairman Yap Yoon Kong and ED Chan Jee Chet

The Malaysian Reserve

Zantat Holdings targets RM14m in ACE Market IPO

ZANTAT Holdings Bhd, a high-grade calcium carbonate powder producer, is set to raise RM14 million through an IPO on the ACE Market of Bursa Malaysia Securities.

The funds will be utilised for upgrading research and development facilities, automating the packing system, and expanding product ranges, including three new bioplastic compounds.

The IPO involves issuing 56 million new shares at 25 sen per share, with the listing scheduled for March 27, 2024.

The company aims to enhance its market presence and capitalise on the positive financial performance, with a net profit of RM5.7 million for the nine months ended September 30, 2023.

M&A Securities Sdn Bhd serves as the adviser, sponsor, underwriter, and placement agent for the IPO.



Zantat makes impressive ACE Market debut, closes with 50% premium

KUALA LUMPUR (March 27): Calcium carbonate producer Zantat Holdings Bhd ended its maiden trading day on Bursa Malaysia's ACE Market at 37.5 sen, a premium of 12.5 sen or 50% over its initial public offering (IPO) price of 25 sen.

The counter surged by as much as 17 sen or 68% to 42 sen, after opening at a premium of 15 sen or 60% to 40 sen. It was the most active stock on Bursa Malaysia with 92.91 million shares traded.

At 37.5 sen per share, the group is valued at about 12.5 times its price-earnings ratio, based on a net profit of RM6.77 million and basic earnings per share of three sen for the financial year ended Dec 31, 2023 (FY2023). Its market capitalisation stands at RM105 million, based on a share capital of 280 million.

Looking ahead, managing director Ivan Chan said the group expects the glove industry which has been in oversupply, to recover in the second half of the year, and that this would generate extra revenue for the company, as its products are used as fillers in the industry.

He also expected demand from India to remain strong. India accounts for 60% of Zantat's total revenue.

"As for our new [bioplastic] products, we are planning to expand our footprint to Australia, New Zealand and Europe. We are collaborating with strategic partners to produce compostable garbage bags, which will be exported to these countries, hopefully by this year," he told the press after the listing ceremony on Wednesday.

Zantat Perak Plant 1, whose products are primarily exported for the plastic industry in India, achieved an average utilisation rate of 94% for the nine months ended Sept 30, 2023 (9MFY2023).

However, Zantat Perak Plant 2, which is used to produce bioplastic compounds, recorded a utilisation rate of 28% during the same period.

"This is why we are expanding the research and development (R&D) facilities to boost sales and the utilisation rate of the plant," said Zantat's executive director Chan Jee Chet.

However, Chan said that the company is finding it difficult to recruit talent for its R&D facilities, primarily due to the specialised nature of the industry. He hopes the company's listing status would now make it more appealing to potential talents.

In a March 18 bourse filing, Zantat said it posted a net profit of RM1.1 million or 0.5 sen per share for its fourth quarter ended Dec 31, 2023 (4QFY2023), on the back of RM31.7 million in revenue.

There were no comparative figures for the corresponding quarter a year ago, as it was the first interim financial report announced by Zantat, in compliance with listing requirements.

Zantat's IPO was oversubscribed by 130.15 times, its public portion attracting RM459.01 million worth of orders, or about 33 times the RM14 million that it aimed to raise from the offering.

M&A Securities was the adviser, sponsor, underwriter and placement agent for the IPO.



Zantat Holdings Bhd MD Ivan Chan said the group expects the glove industry to recover from the previous downturn in the second half of the year, which could generate extra revenue for the company, as its products are used as fillers for the glove industry.



Zantat Holdings Bhd executive director Chan Jee Chet said the company faces challenges in recruiting talents for its research and development facilities, primarily due to the specialised nature of the industry. He expressed hope that the company's new listing status would make it more appealing to potential talents.



From left: M&A Securities head of corporate finance Gary Ting, Zantat independent director Poo Lap Tuck, executive director Chan Jee Chet, co-founder and deputy chairman Chan Hup Ooi, managing director Ivan Chan, chairman Yap Yoon Kong, independent director Gan Seng Kian, independent director Rima Ramona Muhammad Arif and M&A Equity Holdings Bhd managing director Datuk Bill Tan



Zantat surges to 40c/share on ACE debut

KUALA LUMPUR: Zantat Holdings Bhd opened at 40 sen a share on its first day of trading on Bursa Malaysia, representing a 15 sen or 60% jump from its initial public offering (IPO) price of 25 sen a share.

The high-grade calcium carbonate producer, which was listed on the ACE Market, saw 5.96 million shares changing hands at the opening bell.

Zantat raised RM14mil from the IPO exercise, to partly fund its venture into the bioplastics value chain, and for the expansion of its core business of calcium carbonate production.

Of the proceeds, RM3.8mil will be used to upgrade its R&D facilities focusing on both bioplastic compounding and calcium carbonate, RM1.4mil will go towards high efficiency machine components and facilitate industrial automation, and an additional RM1mil will be used to upgrade a major calcium carbonate production plant.

Of the remaining proceeds, RM3.4mil will be utilised for repaying bank borrowings and RM1.4mil for working capital and listing expenses.

In a statement, Zantat said it has started the groundwork for the expansion downstream into manufacturing bioplastic compounds.

Managing director Ivan Chan said the company's maiden bioplastic compound, produced for compostable packaging film by its newly-established polymer arm Zaneco Sdn Bhd, went commercial this quarter.

"We are committed towards establishing our footprint in the bioplastic compound supply chain to further value add on our expertise developed through the years in this industry.

"Our core business activities continue to benefit from domestic and exports market, both of which contribute significantly to our earnings, and allow us to remain resilient through market cycles," he added.

He said the downstream expansion into bioplastic compound taps on Zantat's expertise in the handling of high-grade calcium carbonate, a key material for quality plastic manufacturing.

It also leverages Zantat's customer base, which includes plastic product manufacturers.

Meanwhile, the company plans to develop three new bioplastic compounds, namely for stretch film (packaging), mulch film (plastics along soil for crop production) and marine-degradable film.

It said several customers from Malaysia, India, Indonesia and Singapore have already been identified.

4-YEARS FINANCIAL HIGHLIGHTS

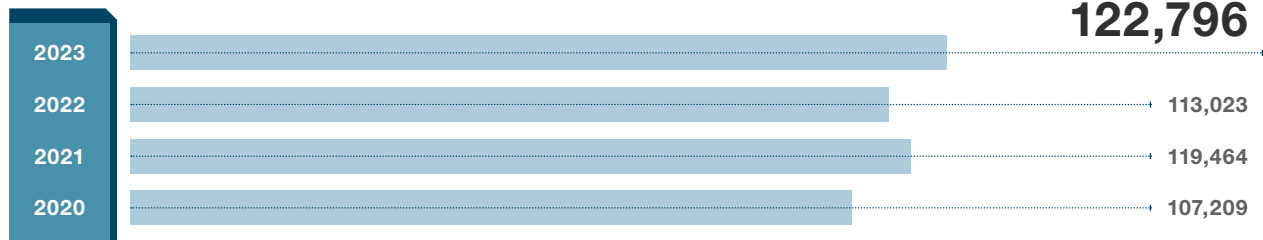
	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Operating Results				
Revenue	107,209	119,464	113,023	122,796
Gross Profit ("GP")	47,161	60,171	52,079	49,077
Earnings Before Interest, Tax, Depreciation & Amortisation ("EBITDA")	16,168	16,386	14,664	16,811
Profit Before Taxation ("PBT")	8,533	9,111	7,341	9,609
Profit After Taxation ("PAT")	6,235	6,504	5,419	6,769
Profit Attributable to Owners of Company	6,235	6,504	5,419	6,769
Key Financial Position Data				
Total Assets	97,420	97,881	99,212	95,866
Total Borrowings	25,136	26,024	23,569	11,577
Shareholders' Equity	56,807	54,988	57,407	64,168
Financial Ratios				
GP Margin (%)	44.0%	50.4%	46.1%	40.0%
PBT Margin (%)	8.0%	7.6%	6.5%	7.8%
PAT Margin (%)	5.8%	5.4%	4.8%	5.5%
Basic Earnings Per Share ("EPS") (sen)*	2.8	2.9	2.4	3.0

Note:

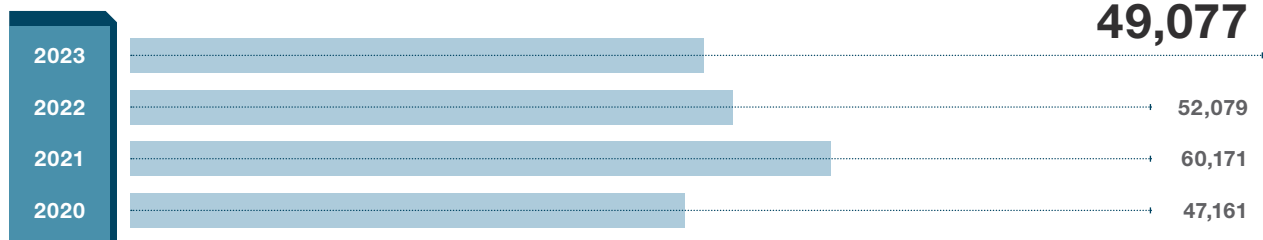
* FY2020, FY2021 and FY2022 were restated (dividing by current ordinary shares issued) due to reorganisation scheme

4-YEARS FINANCIAL HIGHLIGHTS (CONT'D)

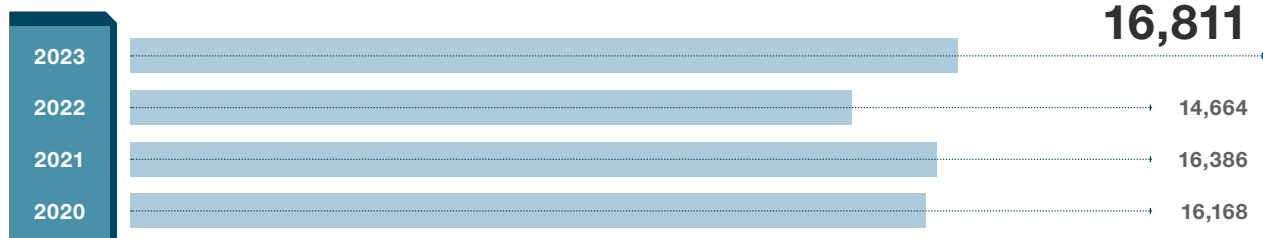
REVENUE (RM'000)



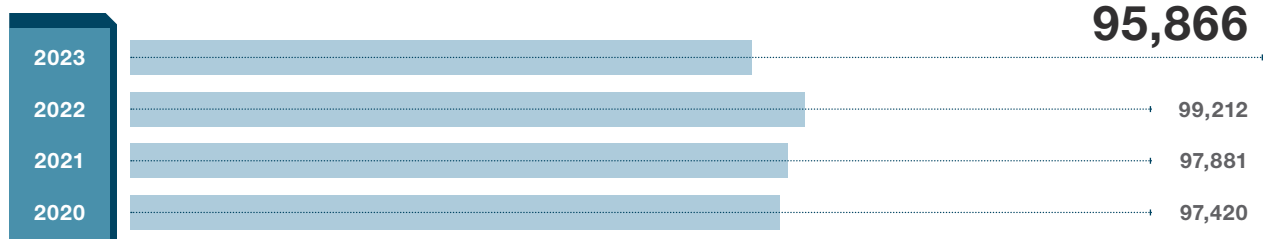
GP (RM'000)



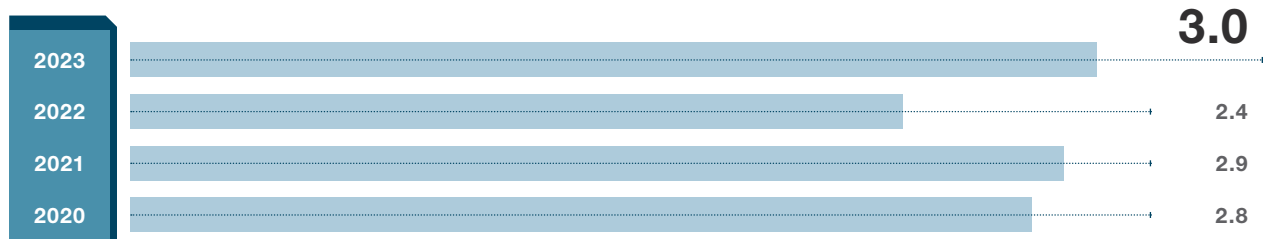
EBITDA (RM'000)



TOTAL ASSETS (RM'000)



BASIC EPS (SEN)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Yap Yoon Kong
Independent Non-Executive Chairman

Chan Hup Ooi
Non-Independent Non-Executive Deputy Chairman

Chan Bin Iuan
Managing Director

Chan Jee Chet
Executive Director

Poo Lap Tuck
Independent Non-Executive Director

Gan Seng Kian
Independent Non-Executive Director

Rima Ramona Binti Muhammad Arif
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Poo Lap Tuck (Chairperson)
Gan Seng Kian
Rima Ramona Binti Muhammad Arif

NOMINATING COMMITTEE

Gan Seng Kian (Chairperson)
Poo Lap Tuck
Rima Ramona Binti Muhammad Arif

REMUNERATION COMMITTEE

Rima Ramona Binti Muhammad Arif (Chairperson)
Poo Lap Tuck
Gan Seng Kian

COMPANY SECRETARY

Siew Suet Wei
(MAICSA 7011254)
SSM Practising Certificate No.: 202008001690

Lim Yen Teng
(LS0010182)
SSM Practising Certificate No.: 201908000028

REGISTERED OFFICE

5-9A, The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone: +603-2282 6331
Email: cosec@accoris.my

HEAD OFFICE

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Kaw. Industri Batu Kapur Keramat
Pulai, 31300 Kampung Kepayang
Perak
Telephone: +605-357 1853

EMAIL ADDRESS AND WEBSITE

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Email address: zantat@zantat.com.my

AUDITORS

Crowe Malaysia PLT
(Registration No. 201906000005
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Level 16 Tower C
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SPONSOR

M & A Securities Sdn Bhd
(Registration No. 197301001503
(15017-H))
45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone: +603-2284 2911

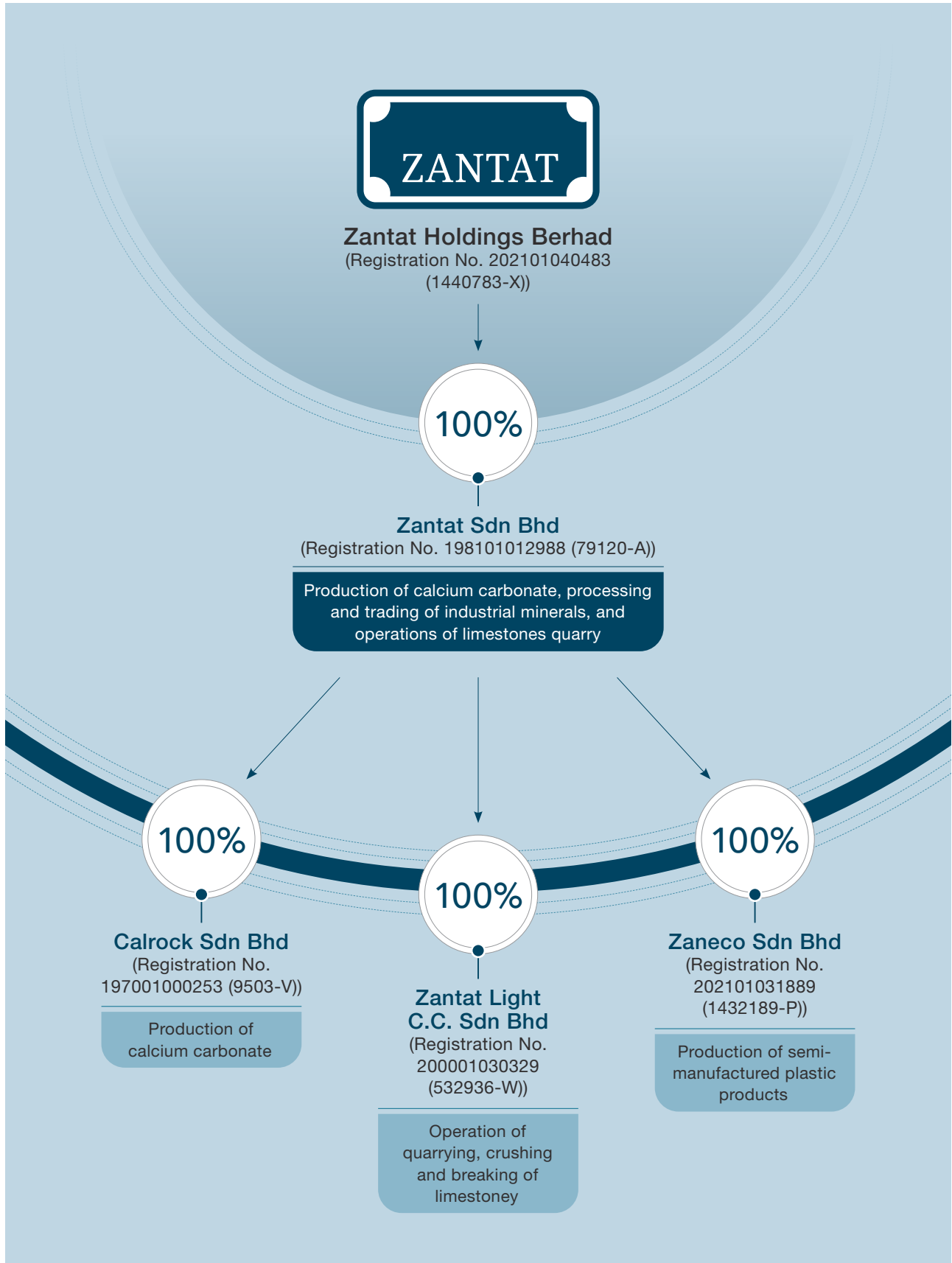
SHARE REGISTRAR

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
Telephone: +603-2783 9299
Email: is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia
Securities Berhad
Stock Name: ZANTAT
Stock Code: 0301

CORPORATE STRUCTURE



PROFILE OF BOARD OF DIRECTORS

MALAYSIAN /
AGE 67 /
MALE

YAP YOON KONG

Independent Non-Executive Chairman

Date of Appointment to the Board: 31 March 2023

Qualifications:

- Bachelor of Accounting (Honours) from University of Malaya (1982)
- Master of Business Administration from The Cranfield Institute of Technology, UK (1993)
- Member and a Chartered Accountant of the Malaysian Institute of Accountants (since 1987 and 2001, respectively)
- Member of the Asian Institute of Chartered Bankers (since 1984).

Experience:

Mr Yap has vast experience in the field of banking, financial and management accounting, financial analysis, corporate affairs, budgeting and cashflow forecasting and tax planning. He has held positions in large commercial banking groups and as a Group Financial Controller of other public listed companies. He was an Executive Director of PJ Development Holdings Bhd, a public company listed on the Main Board of Bursa Malaysia Securities Berhad before retiring in 2016.

Membership in Board Committee(s):

None

Directorship in other public companies:

Senior Independent Non-Executive Director of Inta Bina Group Berhad

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group.

Declaration on conviction of offences within the past 5 years:

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.



PROFILE OF BOARD OF DIRECTORS (CONT'D)



MALAYSIAN /
AGE 68 /
MALE

CHAN HUP OOI

Non-Independent Non-Executive Deputy Chairman

Date of Appointment to the Board: 31 March 2023

Qualifications:

- Completed secondary education in 1974

Experience:

Mr Chan Hup Ooi Began his career in sales, then worked in various roles including storekeeping clerk, Production Manager at Ban Loong Trading Company Sdn Bhd, Salesman at Anglo American Corporation (M) Sdn Bhd, and Production Manager at Cheng Sun Quarry Sdn Bhd before focusing on Zantat's business since 1986. He has been involved in the overall management and day-to-day business operations of Zantat as a Managing Director until 2021 when he officially relinquished his executive role.

Membership in Board Committee(s):

None

Directorship in other public companies:

None

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

Other director and/or major shareholders with family relationship:

- Chan Bin Iuan, Son, Managing Director/ Chief Executive Officer
- Chan Jee Chet, Son, Executive Director/Chief Operating Officer (Perak Plants)
- Chan Eng Hue, Brother, Chief Operating Officer (KL Plant)
- Aw Ee Ling, Niece, Chief Financial Officer

Declaration on conviction of offences within the past 5 years:

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



MALAYSIAN /
AGE 39 /
MALE

CHAN BIN IUAN

Managing Director / Chief Executive Officer

Date of Appointment to the Board: 31 March 2023

Qualifications:

- Bachelor's degree in Mechanical Engineering from the University of Nottingham (2006)

Experience:

Mr Chan Bin Iuan started his career at Cairnhill Metrology Sdn Bhd in 2006 as Application Engineer. He joined Zantat in 2007 as Business Development Executive, focusing on digitalization and business development activities, and was promoted to Business Development Manager in 2008, leading the company's expansion into India. He has been promoted to Managing Director / Chief Executive Officer of Zantat in 2022, responsible for managing the company's organizational structure, developing strategic objectives and directions, and establishing corporate culture.

Membership in Board Committee(s):

None

Directorship in other public companies:

None

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

Other director and/or major shareholders with family relationship:

- Chan Hup Ooi, Father, Non-Independent Non-Executive Deputy Chairman
- Chan Jee Chet, Brother, Executive Director/Chief Operating Officer (Perak Plants)
- Chan Eng Hue, Uncle, Chief Operating Officer (KL Plant)
- Aw Ee Ling, Cousin, Chief Financial Officer

Declaration on conviction of offences within the past 5 years:

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



MALAYSIAN /
AGE 35 /
MALE

CHAN JEE CHET

Executive Director / Chief Operating Officer (Perak Plants)

Date of Appointment to the Board: 31 March 2023

Qualifications:

- Bachelor of Business and Commerce specialising in Marketing from Monash University (2012)

Experience:

Mr Chan Jee Chet began his career at Zantat in 2012 as a Business Development Executive, Malaysia. He was responsible for the company's growth into the Indian market and handled sales in the Oceania region. In 2020, he took charge of Zantat's new product development team. His work in this area and other contributions to the company led to his promotion in 2022 to Chief Operating Officer of the Perak Plants. In this role, he oversees various aspects of operations, including production, research and development, and sales and marketing, showing his broad understanding and dedication to the company's objectives.

Membership in Board Committee(s):

None

Directorship in other public companies:

None

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

Other director and/or major shareholders with family relationship:

- Chan Hup Ooi, Father, Non-Independent Non-Executive Deputy Chairman
- Chan Bin Iuan, Brother, Managing Director/Chief Executive Officer
- Chan Eng Hue, Uncle, Chief Operating Officer (KL Plant)
- Aw Ee Ling, Cousin, Chief Financial Officer

Declaration on conviction of offences within the past 5 years:

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



MALAYSIAN /
AGE 72 /
MALE

POO LAP TUCK

Independent Non-Executive Director

Date of Appointment to the Board: 31 March 2023

Qualifications:

- Completed professional level paper of the Association of Chartered Certified Accountants in 1986 at Emile Woolf College of Accountancy
- Chartered Accountant of the Association of Chartered Certified Accountants since 1987
- Member of the Malaysian Institute of Accountants since 1988

Experience:

Mr Poo Lap Tuck began his career in 1977 as an audit clerk at Lim Chooi Tee & Co, moving on to serve as Finance & Administration Manager at Yit Seng Sdn Bhd in 1979, and then as Manager, Marketing, Finance & Administration at Maju Industrial Trading Sdn Bhd in 1984. After furthering his studies in London in 1985, he returned to Malaysia to join Sam Management Services as Accounts and Administration Manager in 1987. He acted as a corporate consultant for Union Paper Holdings Berhad's restructuring from 1989 to 1990 before joining the same company as Group Financial Controller. In 1998, he ventured into entrepreneurship by acquiring Star Corporate Services Sdn Bhd, serving as a Managing Director

until 2016. He then joined Zantat as Chief Financial Officer until his retirement in 2019, after which he re-joined Star Corporate Services Sdn Bhd as a Director from August 2020 to September 2021.

Membership in Board Committee(s):

- Chairman, Audit and Risk Management Committee
- Member, Nominating Committee
- Member, Remuneration Committee

Directorship in other public companies:

None

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

None

Declaration on conviction of offences within the past 5 years:

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



MALAYSIAN /
AGE 46 /
MALE

GAN SENG KIAN

Independent Non-Executive Director

Date of Appointment to the Board: 31 March 2023

Qualifications:

- Bachelor of Engineering (Civil) from University of Technology Malaysia (2001)
- Master of Engineering (Civil - Construction and Management) from University of Technology Malaysia (2003)
- Doctorate in Business Administration from United Business Institutes Brussels (2010)
- Master of Business Administration from Nottingham Trent University, UK (2012)
- Doctor of Philosophy in Business Administration from North Borneo University College, Malaysia (2021)

Experience:

Dr Gan Seng Kian's career has spanned various sectors, beginning in 2003 at BlueScope Lysaght (M) Sdn Bhd as a Sales Engineer. Moving up, he became an Operational Manager at Perusahaan Huat Soon Chan Sdn Bhd, then transitioned to leadership as Managing Director at Industrial Fasteners Sdn Bhd and CEO at M Metal (M) Sdn Bhd. In 2015, he founded Genesis Academy Sdn Bhd, applying his managerial skills and industry insights. Throughout his career, Gan has demonstrated capability in guiding companies through growth and addressing business challenges effectively.

Membership in Board Committee(s):

- Chairman, Nominating Committee
- Member, Audit and Risk Management Committee
- Member, Remuneration Committee

Directorship in other public companies:

None

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

None

Declaration on conviction of offences within the past 5 years:

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

**MALAYSIAN /
AGE 50 /
FEMALE**

RIMA RAMONA BINTI MUHAMMAD ARIF Independent Non-Executive Director

Date of Appointment to the Board: 31 March 2023

Qualifications:

- Bachelor of Laws from The University of Wales Aberystwyth (1999)
- Certificate in Legal Practice (2000)
- Admitted as an Advocate & Solicitor of the High Court in Malaya (2001)

Experience:

Ms Rima Ramona's career in law began in 2002 at Messrs Adam Bachek & Associates, focusing on litigation, debt recovery, and civil suits. She then joined Messrs NK Tan & Rahim in 2006, concentrating on conveyancing and banking litigation. In 2007, she worked at Messrs Raslan Loong (now Messrs Raslan Loong Shen & Eow), handling corporate and conveyancing matters. Later, at Messrs Shahrizat Rashid & Lee, she managed high-profile conveyancing and corporate matters. As a partner at Messrs Dennis Nik & Wong, she specialized in banking transactions, commercial loans, and other legal areas. She joined Messrs Lee & Koh as a partner in 2023, continuing her focus on legal services.

Membership in Board Committee(s):

- Chairman, Remuneration Committee
- Member, Audit and Risk Management Committee
- Member, Nominating Committee

Directorship in other public companies:

None

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

None

Declaration on conviction of offences within the past 5 years:

She maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.



PROFILE OF SENIOR MANAGEMENT

CHAN BIN IUAN

Managing Director / Chief Executive Officer



For his profile, kindly refer to the Directors' Profile on page 19 of the Annual Report 2023.

CHAN JEE CHET

Executive Director / Chief Operating Officer (Perak Plants)



For his profile, kindly refer to the Directors' Profile on page 20 of the Annual Report 2023.



MALAYSIAN /
AGE 61 /
MALE

CHAN ENG HUE

Chief Operating Officer (KL Plants)

Qualifications:

- Diploma in Quantity Surveyor from the Federal Institute of Technology (currently known as UCSI University) in 1983

Experience:

Mr Chan Eng Hue started his career as a freelancer after graduation. He then joined Zantat in 1986 as a Production Supervisor, where he first showcased his ability to manage essential production lines. His transition to the Sales & Marketing department in 1989 and subsequent promotion to Sales Manager in 1990 reflected his growing role in expanding the company's reach. In 2002, he was instrumental in achieving a significant sale of calcium carbonate dispersion to a latex glove manufacturer, which helped Zantat enter a new market segment. Over the years, Chan has been involved in enhancing product quality and exploring new markets. His deep understanding of the company's operations led to his promotion in 2022 to Chief Operating Officer of the KL Plant, where he is responsible for overseeing its daily activities and strategic direction.

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

Other director and/or major shareholders with family relationship:

- Chan Hup Ooi, Brother, Non-Independent Non-Executive Deputy Chairman
- Chan Bin Iuan, Nephew, Managing Director/Chief Executive Officer
- Chan Jee Chet, Nephew, Executive Director/Chief Operating Officer (Perak Plants)
- Aw Ee Ling, Niece, Chief Financial Officer

Declaration on conviction of offences within the past 5 years:

He maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

PROFILE OF SENIOR MANAGEMENT (CONT'D)



MALAYSIAN /
AGE 33 /
FEMALE

AW EE LING

Chief Financial Officer

Qualifications:

- Bachelor of Business and Commerce, specializing in Accounting, Econometrics, and Business Statistics from Monash University, Malaysia (2012)
- Master of Business Administration (Distinction) from The University of Lancaster, United Kingdom, and Sunway University (2020)
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (since 2016)
- Chartered Accountant of the Malaysian Institute of Accountants (since 2017)
- ASEAN Chartered Professional Accountant of the ASEAN Chartered Professional Accountants Coordinating Committee (since 2019)

Experience:

Ms Aw Ee Ling embarked on her finance and accounting career at Ernst & Young in 2012, starting as an Audit Assistant and quickly advancing to Senior by 2013 and Supervisor by 2015. In 2016, she joined Zantat as Accountant, overseeing the financial and accounting operations and contributing significantly to the financial health and reporting accuracy of the company. She was promoted to Group Accountant in 2017, broadening her responsibilities to include the financial management of the Zantat group of companies. Her consistent performance and strategic financial insights led to her appointment as Chief Financial Officer in 2021, a role in which she now oversees all financial aspects of the Group, guiding its financial strategy and operations.

Declaration of conflict of interest or any family relationship with any other director and/or major shareholders:

Other director and/or major shareholders with family relationship:

- Chan Hup Ooi, Uncle, Non-Independent Non-Executive Deputy Chairman
- Chan Eng Hue, Uncle, Chief Operating Officer (KL Plant)
- Chan Bin Iuan, Cousin, Managing Director/Chief Executive Officer
- Chan Jee Chet, Cousin, Executive Director/Chief Operating Officer (Perak Plants)

Declaration on conviction of offences within the past 5 years:

She maintains a clean record with regards to convictions for offences (other than traffic offences, if any) within the past 5 years.

CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

In Zantat Holdings Berhad's ("Zantat", "the Group", or "the Company") first year as a public listed company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), we continued to deliver on our core values of integrity, quality, and customer satisfaction. These values guided our decision-making, enabling us to navigate the ever-changing market conditions with resilience and confidence.

Amidst the global uncertainties, our strategic focus on innovation has proven to be instrumental to our long-term success. I am pleased to present to you Zantat's Integrated Annual Report for the financial year ended 31 December 2023 ("FY2023").



CHAIRMAN'S STATEMENT (CONT'D)

CREATING VALUE IN A NEW ERA

From its humble beginnings in 1986 with just a single production line and less than 10 employees, Zantat has grown to become Malaysia's leading producer of high-grade calcium carbonate powder and calcium carbonate dispersion products. Throughout this, our people have upheld the same commitment to creating a positive impact with our brand.

On 27 March 2024, Zantat became a public listed company on the ACE Market of Bursa.

Following this major step forward, we are now ready to embrace a new era of value creation. The Group's new status will allow us to enhance our areas of strength, expand our reach, and further differentiate ourselves from the competition. We will have more resources to allocate towards research and development, as well as developing our talent - our most important asset.

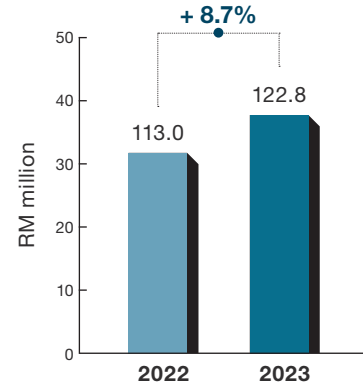
The operating environment in FY2023 proved challenging, with a mixed economic environment both globally and domestically. Internationally, geopolitical uncertainties, trade tensions, and fluctuations in raw material prices affected market conditions. Domestically, the competition we face from existing industry players and new market entrants domestically and from foreign countries impacted our operating environment as we are required to be more price competitive in order to secure purchase orders.

Our products reach a global market, and high ocean freight costs and supply chain disruptions brought on by geopolitical conflicts impacted our profitability. While the Malaysian rubber glove industry, a major consumer of our calcium carbonate and kaolin dispersions, saw a gradual recovery towards the tail-end of the year, a more substantial improvement is only expected in the second half of FY2024.

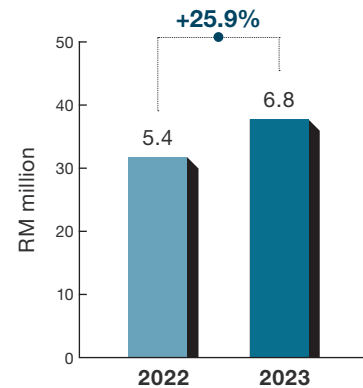
Despite the weak domestic market, the Group leveraged our strengths and agility to minimise the impact on our bottom line and deliver reasonably good results. We saw some breakthroughs in the development of new products which will generate a new revenue stream in the coming years.

The financial year ended 31 December 2023 marked a good revenue growth for the Group, reaching RM122.8 million, a notable increase from RM113.0 million in FY2022, indicating an 8.7% growth rate. During FY2023, Profit Before Tax surged by 31.5% to RM9.6 million, and Profit After Tax grew by 25.9% to RM6.8 million. These figures underscore the Group's prudent management of expenses through effective cost control measures.

REVENUE



PROFIT AFTER TAX



On 27 March 2024,
 Zantat became a public
 listed company on the
 ACE Market of Bursa.

CHAIRMAN'S STATEMENT (CONT'D)



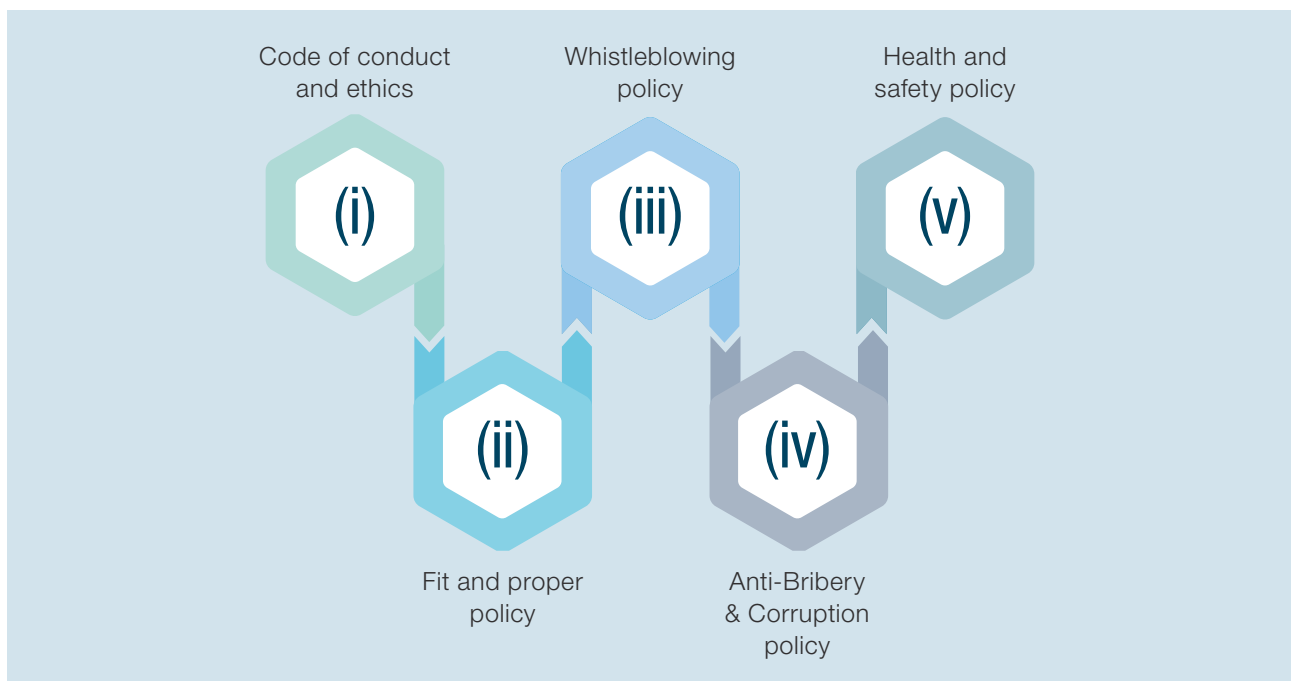
DIVIDEND

Zantat does not currently have a fixed dividend policy. It is the Group's intention to reward our shareholders with considerably good dividends in the future, subject to financial conditions and the approval of the Board of Directors.

TRANSPARENCY AND ETHICAL PRACTICES

The Group is committed to conduct our business ethically and in compliance with all relevant laws, regulations, rules and requirements. We strive to uphold the highest standards of integrity, transparency and accountability in our business operations. We are dedicated to conducting business in compliance with all applicable laws, rules and regulations, including the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the MACC (Amendment) Act 2018, and other applicable local anti-bribery or anti-corruption laws.

We have also developed the following ethical policies that serve as an overarching guide:



CHAIRMAN'S STATEMENT (CONT'D)

BUILDING A SUSTAINABLE BRAND

Zantat fully acknowledges its role as a responsible corporate citizen. Creating value does not just refer to the bottom line – it extends across all our stakeholder groups. It is our aim to create a positive impact through our business activities.

By incorporating environmentally sustainable practices, Zantat can reduce its carbon footprint, minimise waste generation, and conserve natural resources. This will lead to cost savings, increased operational efficiency, and improved regulatory compliance. Implementing environmental, social, and governance (“ESG”) practices across our operations will build our brand and enhance trust and loyalty.

In FY2023, Zantat established a three-tier sustainability governance system comprising our Board of Directors, the Sustainability Steering Committee (“SSC”), and the Sustainability Working Group (“SWG”). Our Board sets the overall sustainability direction, while the SSC oversees sustainability strategies and policies. The SWG is responsible for implementing approved sustainability initiatives. This is a governance structure with integrated sustainability at all levels of the organisation and facilitates the coordination and execution of sustainability efforts.

For more information on our sustainability initiatives, readers are encouraged to view the Sustainability section of this report on pages 40 to 77.

PROGRESS THROUGH INNOVATION

Zantat's future success depends on our ability to remain ahead of the curve with innovative product offerings that address the needs of the market, while safeguarding the environment and the communities where we do business.

The Group plans to upgrade our existing R&D centre within our Zantat Perak Plant 1, which currently mainly functions as a testing and control centre. With the upgraded R&D facility with enhanced testing capabilities, we will be focusing on our in-house product development and enhancement including testing of our products as well as for new and existing customers. We will invest in automation that will reduce our environmental impact, while increasing efficiency.

Our Calrock Perak Plant will also undergo renovation to upgrade and improve the building structures. The upgrading entails the construction works for a new 3,000 sq ft office and warehouse.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to my fellow Board members and Senior Management for their guidance and dedication. My thanks extend to the relevant authorities and financial institutions who have supported us in taking this big step. To our customers and suppliers, we look forward to continuing on this journey with you. And last but not least, to our dedicated staff, your contributions have been vital to our success. My hope is that you will continue to share our vision of growth and value creation into the future.

Thank you.

Yap Yoon Kong
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Zantat Holdings Berhad (“Zantat” or the “Group”) is delighted to present its inaugural Management Discussion and Analysis Report for the financial year ended 31 December 2023 (“FY2023”).

As a prominent producer of calcium carbonate (“CC”) products, we are subject to the fluctuating demand of key industries that utilise our products, including Ground Calcium Carbonate (“GCC”), Calcium Carbonate Dispersion (“CC Dispersion”), and Kaolin Dispersion, as essential ingredients in various manufacturing processes such as production of plastic masterbatch and rubber gloves. Despite the challenging macroeconomic conditions experienced during FY2023, we are pleased to have demonstrated resilience and maintained our focus, delivering outstanding performance for our shareholders. The Group is eagerly anticipating the opportunities that lie ahead as we have officially publicly listed on the ACE Market of Bursa Malaysia Securities Bhd (“Bursa Malaysia”) in 2024.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

THE OPERATING ENVIRONMENT IN 2023

Zantat strived to navigate the dynamic economic landscape in FY2023, amidst rising inflation rates, a high-cost operating environment and the prevailing challenges in logistics and supply chain. Malaysia recorded a 3.7% growth in 2023, lower than the projected 4% to 5% as external demand moderated¹. Nevertheless, the Group is optimistic of the potential ahead as the Government pushes economic reforms that encourages growth and expansion.

During FY2023, we encountered various external factors shaping our operations, including shifts in the economic landscape and industry-specific challenges, especially the slowdown in the glove industry.

This downturn, driven by post-pandemic shifts in consumer behaviour and broader economic uncertainties, reduced demand and created market volatility in the industry. As a supplier to glove manufacturers, our operations were impacted. Despite efforts to diversify our customer base, the prolonged slump challenged the company's revenue and performance. However, we remained focused on navigating these evolving dynamics to ensure future growth and resilience.

Capitalising on the growth momentum of our key market, India, we focused on meeting the nation's growing demand for calcium carbonate. India, one of the world's fastest-growing economies, relies heavily on imports, spanning various industries such as plastics, paper, paints, and coatings, creating a significant market for calcium carbonate suppliers like Zantat. As such, Malaysia has emerged as a major supplier, accounting for 26.1% of India's total calcium carbonate imports in 2022/23*, attributed to its ability to offer high-quality products at competitive prices.

The robust growth of India's economy, projected at 7.0% in 2023/24*, further amplifies this demand, providing a favourable backdrop for our expansion efforts. In 2012, we made the strategic decision to engage sales facilitators in India, formalising it in 2017. This has enhanced our market penetration, operational efficiency, and visibility within the Indian market.

Furthermore, our participation in major exhibitions further reinforced our presence and commitment to meeting the specific needs of Indian customers and aligning our offerings with its growing domestic demands.

*The designation "2022/23" refers to India's fiscal year, starting on April 1 and ending on March 31 of the following year. Similarly, "2023/24" indicates the fiscal year beginning April 2023 and ending March 2024, significant for financial and economic reporting.

¹ <https://asia.nikkei.com/Economy/Malaysia-s-annual-GDP-misses-target-at-3.7-amid-weak-exports#:~:text=Malaysia's%20annual%20GDP%20misses%20target%20at%203.7%25%20amid%20weak%20exports,-Central%20bank%20blames&text=KUALA%20LUMPUR%20%2D%2D%20Malaysia's%20economy,recorded%20for%20the%20previous%20year.>

GLOBAL MEGATRENDS DRIVING OPPORTUNITIES

The coming years present exciting opportunities for the Group. The anticipated recovery of the glove industry in the latter part of 2024 presents a promising opportunity. This resurgence could lead to heightened demand for CC Dispersion products, particularly as the Group serves as a key supplier to rubber glove manufacturers. With the glove industry rebounding, the Group's strategic position as a supplier may result in increased demand for its products, potentially fuelling revenue growth in this sector.

There is a growing recognition of calcium carbonate as a viable alternative to polymers in the plastics industry, aimed at reducing the carbon footprint. This sustainability-driven trend is boosting demand for CC in plastic manufacturing, as it offers a cost-effective and environmentally friendlier option compared to traditional polymers. Additionally, the rising popularity of bioplastics, viewed as a more sustainable alternative to conventional plastics, aligns with the Group's expansion into bioplastic compounding. By producing bioplastic compounds containing calcium carbonate, the Group is well-positioned to capitalise on this trend, providing eco-friendly solutions to plastic manufacturers and contributing to the broader sustainability movement in the industry.

These trends not only highlight the potential for increased demand for the Group's products but also underscores the importance of its strategic R&D and product innovation initiatives, aimed at meeting the evolving needs of these expanding market segments.



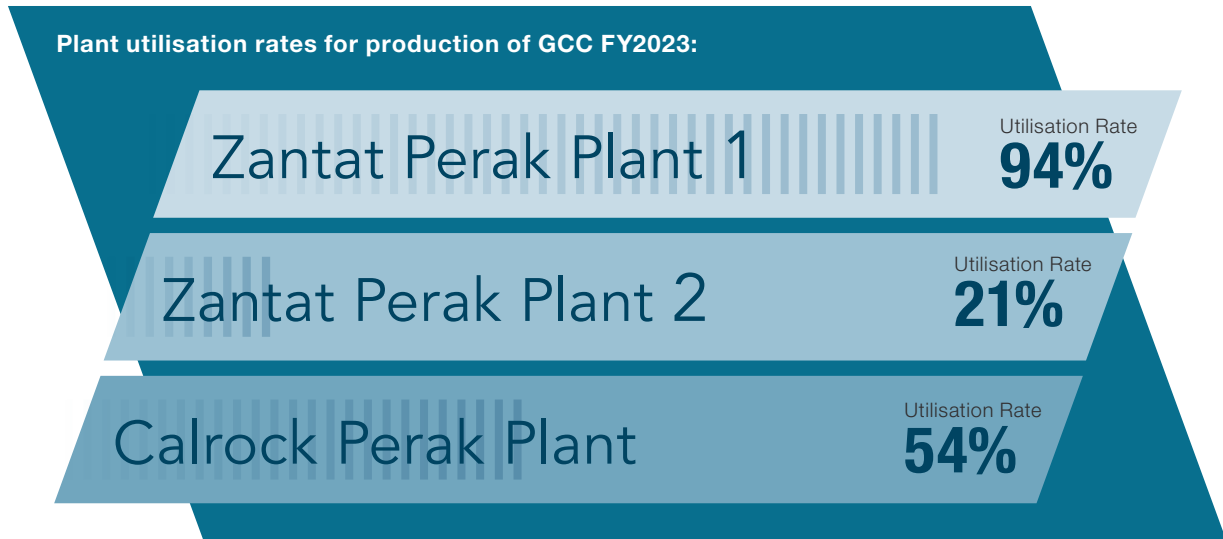
MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

OPERATIONAL REVIEW

The Group is steadfast in managing production across its facilities in FY2023, showcasing its responsiveness to market demands and operational efficiency. The utilisation rates across the plants underscore the company's ability to adapt to fluctuating market needs. Zantat Perak Plant 1, focusing on GCC, achieved an impressive 94% utilisation rate, producing 195.4 thousand tonnes out of a possible 208.0 thousand tonnes. This high rate highlights the strong demand for GCC and the company's operational excellence.

Zantat Perak Plant 2 operated at a 21% utilisation rate, producing 9.6 thousand tonnes, a strategic decision aligning production with market demand. Similarly, Calrock Perak Plant reported a 54% utilisation rate, producing 31.8 thousand tonnes of GCC, effectively balancing production with market needs. The dispersion segments—GCC, PCC, and Kaolin—recorded lower utilisation rates of 22%, 18%, and 5% respectively, reflecting a deliberate approach to production based on specific market demands. These figures underscore the Group's commitment to a flexible and efficient production strategy, ensuring capacity optimisation and readiness for potential market demand escalations.

Plant utilisation rates for production of GCC FY2023:



Moving forward, we are strategically positioned for sustained growth and enhanced market competitiveness through focused investment in three key areas:

01

R&D facilities
upgrade



02

Expansion of
product base:
high-grade CC



03

Moving up the value
chain: focus specialised
and niche markets



The move towards producing high value-added functional CC aims to serve sectors that demand industry-specific CC products, thereby improving profit margins, differentiating Zantat's product offerings, and reinforcing our position as a market leader.

We are also exploring downstream expansion to enhance our integration across the value chain. This strategy aims to improve operational efficiency, reduce production and logistic costs, and provide competitive pricing to customers. By maximising the potential of our current markets through a targeted approach to product development and innovation, we ensure that our products not only meet but exceed market expectations, thereby elevating customer satisfaction and loyalty.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CONT'D)

Rubber Glove Industry Impact

The sales value of rubber product manufacturing in Malaysia plummeted by 23.9% in 2022, primarily due to reduced global demand for rubber gloves as the COVID-19 pandemic outbreak subsided in many countries¹.

The global rubber glove industry's slowdown significantly impacted the Group's revenue and profitability in FY2023. This sluggishness, evident since 2022, stems from reduced global demand for rubber gloves as the COVID-19 pandemic subsided. During this period, Malaysia's sales value of manufactured rubber products declined by 23.9%¹. This downward trend persisted into the first nine months of 2023, with the sales value of rubber products declining by an additional 10.8% compared to the same period in 2022². This drop was largely attributed to weakened external demand for rubber gloves and tyres, signalling a prolonged period of sluggishness in the rubber glove industry, directly impacting the Group's operations and financial performance.

¹ Zantat Holdings Berhad Prospectus, IMR Report, "6.1 Performance of the Plastic and Rubber Product Industries in Malaysia," p. 217.

² <https://www.thestar.com.my/business/business-news/2024/01/12/manufacturing-sales-value-down-26-last-november>



Plastic Masterbatch Segment

The Plastic Masterbatch segment was fuelled by two key factors, namely the rise in demand from India and the normalisation of sea freight rates.

The rise in demand from India

The normalisation of sea freight rates

India's booming manufacturing sector and growing economy created a surge in demand for plastic masterbatches. This, coupled with India's focus on industrial development and widespread plastic use, made it a critical market for Zantat. The resulting surge in Indian customer demand significantly boosted the segment's performance in FY2023.

The normalisation of sea freight rates during FY2023 further accelerated growth in calcium carbonate imports to India. This eased logistical hurdles and allowed Zantat to efficiently serve the Indian market. Reduced logistic costs not only improved profit margins but also enhanced Zantat's competitiveness in international markets, particularly India, where demand for plastic masterbatches remains high.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CONT'D)

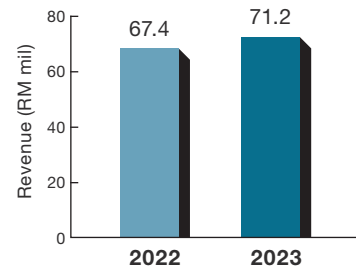
Geographical Market Review

/ India

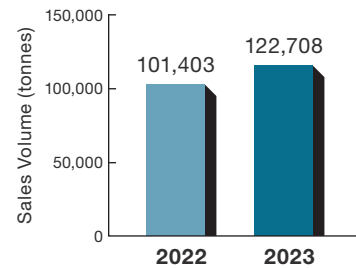
The Group's resilience and continued profitability throughout the year can be largely credited to robust demand from its Indian clientele. Revenue from India grew to RM71.2 million in FY2023 (FY2022: RM67.4 million), reflecting a growth rate of approximately 5.6%. Additionally, sales volume in India witnessed a substantial increase, climbing from 101,403 tonnes to 122,708 tonnes, marking a growth of about 21.0%.

This surge highlights the robust demand from Indian customers particularly the plastic masterbatch segment and mirrors the broader economic expansion and flourishing manufacturing sector in India. Despite facing headwinds such as rising operational costs and competitive pressures, the consistent demand from India has been instrumental in sustaining the Group's operations.

Revenue from exports to India



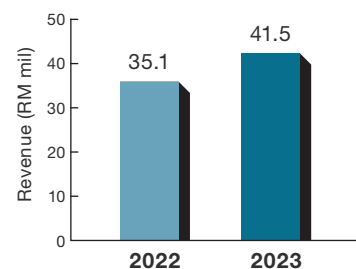
Total Exports to India



/ Malaysia

In the Malaysian market, positive trends were observed, with revenue increasing to RM41.5 million in FY2023, marking an 18.2% increase (FY2022: RM35.1 million). This indicates favourable conditions within the domestic market and potentially reflects the effectiveness of the Group's marketing and sales strategies.

Revenue from operations in Malaysia



/ Emerging Markets

Revenue from other emerging markets dipped slightly to register RM10.1 million in FY2023 (FY2022: RM 10.5 million), signifying a decrease of approximately 3.8%. Despite this, these markets continue to hold strategic importance for the Group.

Looking at the bigger picture, FY2023 underscored the strength of the Group's regional presence. The Indian market's impressive growth served as a major driver of the Group's overall success, solidifying its position in both domestic and international markets.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



FINANCIAL PERFORMANCE

The Group demonstrated revenue growth for the financial year ended 31 December 2023 reaching RM122.8 million (FY2022: RM113.0 million), reflecting an 8.7% growth. Zantat saw a significant rise in profitability, despite a 5.8% decrease in gross profit to RM49.1 million (FY2022: RM52.1 million). The lower gross profit was partially due to the lower average selling price as a result of lower sea freight rates. During the financial year, Profit Before Tax rose 31.5% to RM9.6 million, while Profit After Tax increased by 25.9% to RM6.8 million. This demonstrates the Group's prudence in managing expenses through effective cost control measures.

The market faced competitive pressures from foreign competitors willing to take losses for market share, exacerbating Zantat's challenges to maintain competitive pricing in a rising cost environment. Despite these challenges, the Group displayed resilience, registering lower logistics costs of RM24.9 million (FY2022: RM33.3 million) as supply chains stabilised and sea freight rates moderated. This displays our ability to adapt to a changing market environment.

Overall, the Group's focus on cost control and strategic responses to market challenges led to a notable improvement in profitability. To tackle the challenges ahead, the Group is strategically focusing on downstream expansion and enhancing its position in the value chain by producing higher-grade calcium carbonate.

This involves intensifying R&D efforts to drive product innovation, aiming to meet the sophisticated requirements of end-user industries. The initiative includes adjustments in particle size, purity, and formulations to ensure alignment with technical specifications, thereby enhancing product quality and expanding application range.

Additionally, the Group plans to invest in new machinery and equipment to bolster production capabilities, including an additional production line for fine-grade coated GCC. These strategic moves aim to mitigate market challenges, secure a competitive advantage, and foster sustainable growth amidst increasing competition and logistic cost pressures.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

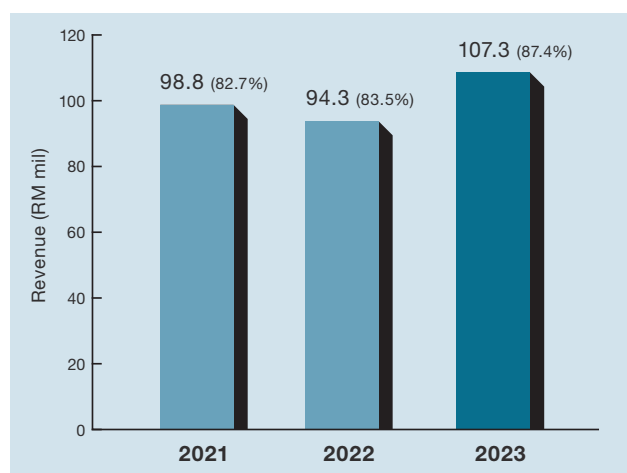
FINANCIAL PERFORMANCE (CONT'D)

Segmental Analysis

GCC

Production of GCC constituted our largest revenue contributor accounting for 87.4% or RM107.3 million of our total revenue for FY2023.

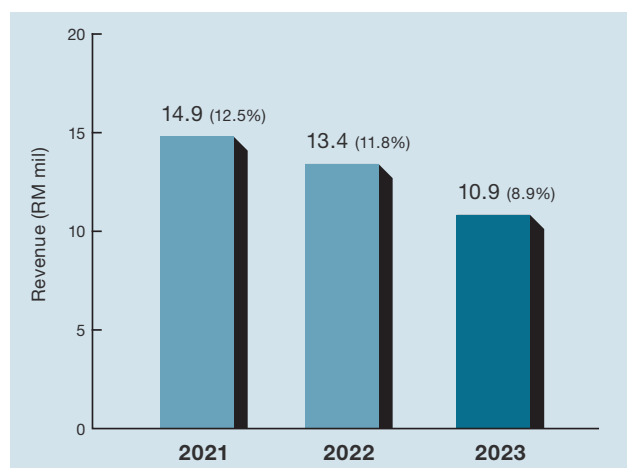
The table below shows the 3-year revenue earnings for the production of GCC:



CC Dispersion

The production of CC dispersion accounted for 8.9% of revenue in FY2023, or RM10.9 million (FY2022:13.4 million). The demand for both CC dispersion and Kaolin dispersion are largely driven by the prevailing market demand for gloves. The moderating demand as the COVID-19 pandemic came under control is reflected in the revenue earned for both products.

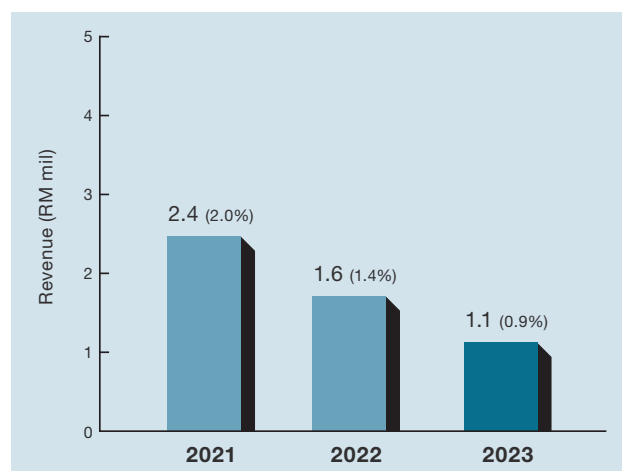
The table below shows the 3-year revenue earnings for the production of CC dispersion:



Kaolin Dispersion

In FY2023, Kaolin dispersion contributed 0.9% to revenue earning the Group RM1.1 million, a slight decrease from the RM1.6 million recorded in FY2022. This can be attributed to the moderating demand for gloves.

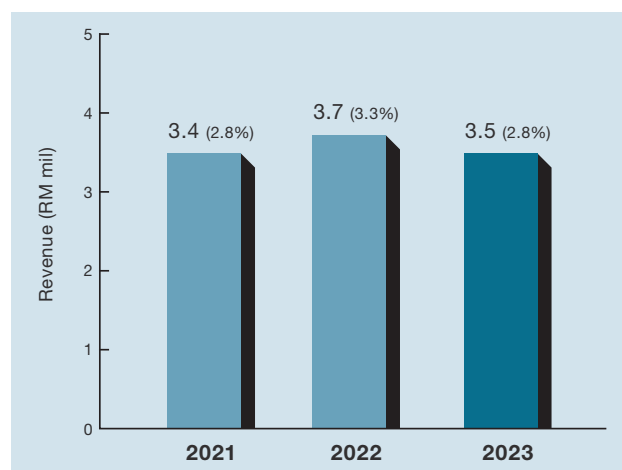
The table below shows the 3-year revenue earnings for the production of Kaolin dispersion:



Others

The remaining revenue was contributed by other business activities including processing of ultrafine PCC powder, trading of other industrial minerals and sales of limestone quarry products which accounted for 2.8% or RM3.4 million in FY2023.

The table below shows the 3-year cumulative revenue earnings for the production of these items:



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

INVESTING IN OUR PEOPLE

Cognisant that our people are the foundation of our success, we are committed to ensuring that human capital development is a core part of our growth strategy, especially in research and development (“R&D”) and quality assurance (“QA”). To further strengthen product development and quality standards, we have expanded our team to ensure we remain at the forefront of the calcium carbonate manufacturing industry, as well as bioplastic industry. Our commitment to excellence and customer satisfaction starts with our workforce. By empowering our people, we secure a competitive edge and drive continuous innovation.

COMMITTED TO ESG LEADERSHIP

The Group is deeply committed to its Environmental, Social, and Governance (“ESG”) agenda, recognising it as a core component of our corporate responsibility and sustainability strategy. By embedding ESG principles into our operations, we aim to mitigate risks, build stakeholder trust, and create long-term shareholder value. This commitment extends to aligning with global sustainability goals and regulatory requirements, fostering a resilient and inclusive business environment.

The implementation of ESG initiatives such the installation of solar panels at our plant, not only enhances the company’s reputation and brand value but also contributes to operational efficiency and financial performance, while encouraging access to capital. Additionally, it promotes employee engagement, strengthens stakeholder relationships, and drives innovation and product diversification, positioning the Group as a leader in sustainable practices.



ENVIRONMENTAL INITIATIVES

We are dedicated to fostering sustainability and minimising our environmental footprint. The company passionately promotes the utilisation of calcium carbonate as an alternative to polymers in the plastic industry, thereby lowering the carbon footprint typically linked with conventional plastics. Taking our commitment to sustainability a step further, we are developing new eco-friendly product lines, such as bioplastic compounds.



SOCIAL

Zantat prioritises employee well-being, fair labour practices, and community engagement through philanthropic activities.



GOVERNANCE

We uphold transparency, accountability, and ethical conduct through strong governance structures.

The Group demonstrates a high level of commitment to ESG that goes beyond compliance. It’s a strategic approach to ensure long-term sustainability and positive societal and environmental impact. Further information on our sustainability initiatives and agenda is available in our Sustainability Statement, pages 40 to 77.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

STRATEGIC RISK MANAGEMENT

The Group's operations may be potentially exposed to various risks:

RISK	MITIGATION
Dependence on customers from India <ul style="list-style-type: none"> India is the largest export market Exposure to demand fluctuation for plastic masterbatch Potential disruptions from diseases outbreak and fluctuation in sea freight rates 	<ul style="list-style-type: none"> Close monitoring of the Indian plastic masterbatch industry Develop contingency plans to adapt to any adverse changes Precautionary measures in place to navigate disruptions such as those caused by the diseases outbreak and fluctuations in sea freight rates
Dependence on 2 major customers <ul style="list-style-type: none"> Loss of either client will affect revenue Difficulty in payment collection could destabilise the Group's financial standing 	<ul style="list-style-type: none"> Implement credit control procedures. - regular credit assessments and vigilant payment monitoring mechanisms Build strong relationships with key clients through proactive engagement
Regulatory compliance <ul style="list-style-type: none"> Licences and permits for operations are essential Lack thereof can result in operational disruption leading to financial consequence 	<ul style="list-style-type: none"> Robust internal control systems to ensure adherence to licenses, permits, and regulations. Routine audits and reviews are conducted to promptly identify and address any compliance gaps Ongoing staff training initiatives to ensure awareness and compliance with regulatory standards
Fluctuation in logistics and raw material costs <ul style="list-style-type: none"> Sea freight rate fluctuations Chemical prices fluctuations 	<ul style="list-style-type: none"> Implementation of prudent cost management strategies i.e. diversifying supply chains, negotiating favourable pricing agreements, and monitoring market trends to anticipate cost fluctuations. Optimise operational efficiencies and identify cost-saving opportunities.
Dependence on management team	<ul style="list-style-type: none"> Succession planning strategies
Exposure to foreign exchange fluctuations	<ul style="list-style-type: none"> Hedging strategies to reduce financial impact

POWERING GROWTH IN 2024

Moving into 2024, our recent listing on the ACE Market serves as a catalyst for our future endeavors, centred on strategic investments and expansions to enhance operational efficiency and adapt to the changing dynamics of the rubber glove industry, particularly focusing on the development of higher-value products.

One key aspect of these plans involves the acquisition of new machinery and equipment. This encompasses upgrading our R&D facilities, optimising machine components to improve efficiency, and implementing industrial automation. We are strategically oriented towards vertical growth, fuelled by a relentless commitment to R&D and innovation. The Group intends to expand the product portfolio, pushing boundaries to create a wider range of cutting-edge calcium carbonate solutions. This focus on innovation allows us to tap into the full potential of our existing markets, solidifying our industry leadership.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

POWERING GROWTH IN 2024 (CONT'D)

Another significant initiative is the venture into bioplastic compounding. We have successfully developed our inaugural bioplastic compound and obtained the TUV Austria “OK compost INDUSTRIAL” certification for a compostable packaging film compound. Commercialisation has commenced in the first quarter of 2024, targeting manufacturers of biodegradable plastic products in key markets such as Malaysia, India, Indonesia, and Singapore.

Furthermore, the company is focused on upgrading operational facilities, including infrastructure enhancements at the Calrock Perak Plant and the installation of a roof-top solar PV system at Zantat Perak Plant 2. These initiatives aim to modernise facilities, improve energy efficiency, and reduce operational costs, aligning with the company's sustainability goals and positioning it for continued success.

While there are no immediate plans for extensive expansion of project offerings or geographical footprint, the Group's primary focus remains on enhancing services to existing clients. The Group aims to maximise offerings to better cater to the needs of its current clientele, strengthening relationships and capitalising on opportunities within established market segments.

INDUSTRY OUTLOOK & PROSPECTS

On the global front, the economic growth continues to be governed by rising geopolitical tensions and macroeconomic pressures. Global growth is projected to stay at 3.1% in 2024, while Inflation is falling faster than expected in most regions, amid unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8%². On the domestic front, the MADANI Economic policies are set to grow the domestic economy by 4% to 5%³.

With brighter prospects anticipated in 2024, the glove industry has been projected to experience growth by the 2H2024⁴ on the back of a resurgence in the healthcare sector.

These are key industries that rely on our products, particularly calcium carbonate, as a vital input material in the manufacturing process. Notably, calcium carbonate is gaining popularity for its ability to replace polymers and reduce carbon footprint. There is a rising demand for biodegradable and compostable alternative products, aligning the Government initiatives in Malaysia to promote a circular economy and sustainability by phasing out non-degradable plastic bags by 2025.

In India, Zantat's key market, the consumption volume of calcium carbonate has shown growth, signalling recovery from disruptions caused by the COVID-19 pandemic. Asia's third largest economy, India has been experiencing six consecutive quarters of growth in gross domestic product (“GDP”)⁵, and is poised for continued expansion in construction and manufacturing, including the value-added segments of plastic and rubber products. These factors collectively contribute to a favourable outlook for the industry moving forward.

² <https://www.imf.org/en/Publications/WEO#:~:text=World%20Economic%20Outlook%20Update%2C%20January,Open%20Path%20to%20Soft%20Landing&text=Description%3A%20Global%20growth%20is%20projected,to%203.2%20percent%20in%202025.>

³ <https://belanjawan.mof.gov.my/pdf/belanjawan2024/economy/economy-2024.pdf>

⁴ <https://www.nst.com.my/business/corporate/2024/01/998100/greater-demand-seen-2h>

⁵ <https://www.reuters.com/world/india/indias-economic-growth-expected-slip-below-7-oct-dec-quarter-2024-02-29/>



SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT (CONT'D)

About This Report

(GRI 2-3, GRI 2-4)

As a top producer of high-quality calcium carbonate powder and calcium carbonate dispersion products, Zantat Holdings Berhad (“Zantat”, “ZHB” or “the Company”) and its subsidiaries (“the Group”) is committed to creating lasting value for our stakeholders. We are pleased to share our first sustainability report, which outlines our efforts to operate responsibly and effectively in environmental, social, and economic aspects.

One of our key initiatives is the establishment of a three-tiered Sustainability Governance system to manage sustainability issues. We also conducted a thorough assessment to identify important sustainability concerns and developed a Sustainability Framework to guide our sustainable development efforts.

Additionally, we are actively working to reduce our carbon footprint and transition to a low-carbon future. We have calculated and disclosed our greenhouse gas emissions, including direct emissions from our operations (Scope 1), indirect emissions from energy consumption (Scope 2), and other indirect emissions (Scope 3) related to our quarrying activities.

Reporting Period

This Report provides a detailed overview of our sustainability initiatives throughout the period from 1 January 2023 to 31 December 2023. To delve deeper into critical aspects such as corporate governance, internal operations, and business activities, we encourage you to explore the corresponding sections in Zantat’s Integrated Annual Report and other relevant sources for a more in-depth understanding.

Scope and Boundaries

(GRI 2-2)

This Report serves as our Sustainability Report, in accordance with the definition set forth by Malaysian law. It encompasses an evaluation of our non-financial performance, as well as the opportunities, risks, and outcomes related to key stakeholders who exert a significant influence on our value creation. Unless otherwise specified, our reporting coverage is based on a group-level disclosure. No significant changes have occurred in our structure, ownership, or supply chain during the reporting year. We are committed to continuously enhancing our Group reporting standards to ensure meaningful and measurable disclosure that benefits our stakeholders.

Where applicable, we have included three years of comparative data to highlight annual trends. The data presented originate from Zantat Sdn. Bhd. and its subsidiaries. Throughout this report, disclosures pertaining to Perak Plant 1, Perak Plant 2, and Perak Quarry 1 will collectively be referred to as “Zantat Perak” unless explicitly mentioned otherwise. Disclosures related to the KL Plant will be indicated as “Zantat KL”.

Reporting Framework and Standards

This Report has been prepared in compliance with Bursa Malaysia’s Listing Requirements, following the guidelines outlined in Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition), as well as adhering to the Global Reporting Initiative (“GRI”) Standards, and aligned with the chosen Sustainable Development Goals (also known as “SDGs” or “UN SDGs”) and Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations.

Assurance Statement

All information presented in this Report has undergone thorough review and approval by senior management within the Group. In an effort to enhance the integrity and precision of our data collection and analysis for future reports, we intend to engage an independent party to verify the accuracy and integrity of our sustainable disclosures, ensuring they adhere to the highest standards of accuracy and honesty.

Feedback and Comments

(GRI 2-3)

We welcome you to explore the digital version of our sustainability report available at <https://www.zantat.com.my/>. Our readers are encouraged to share their perspectives on our sustainability approach and contribute suggestions for advancing our sustainability initiatives and programs. Your feedback is invaluable to us as we persistently strive to enhance our sustainability practices and initiatives.

Sustainability Committee

Zantat Holdings Berhad (202101040483 (1440783-X))
Lot 1013-B, Jalan 2/32A, 6 ½ Miles,
Kepong Industrial Area, Jalan Kepong,
52100 Kuala Lumpur, Malaysia
Tel : +603 6258 5552 / +603 6258 1985
Fax : +603 6251 8766
Email : sustainability@zantat.com.my

SUSTAINABILITY REPORT (CONT'D)

About the Company

Established in 1985 as Zantat Sdn Bhd, our company has evolved into Zantat Holdings Berhad in 2023 and officially publicly listed on 27 March 2024. Zantat is dedicated to conducting business in an environmentally responsible manner. Specializing in the production of calcium carbonate and other mineral products, our operations reflect a commitment to sustainable practices.

Group Operations

ZHB operates four production plants, with three located in Perak and one in Kuala Lumpur. Additionally, we hold two leasehold properties with limestone reserves in Perak. Serving approximately 300 customers across several countries, including India, Malaysia, Thailand, Indonesia, and others, we are dedicated to meeting global demand while maintaining sustainable business practices.

Zantat Sdn Bhd - Perak Plants

Operations:

Head office, warehouse and production of GCC

Location:

PT24571 & PT 21289
Kaw. Industri Batu Kapur
Keramat Pulai,
31300 Kampung Kepayang,
Perak.

Zantat Sdn Bhd - KL Plant

Operations:

Office, warehouse, production of calcium carbonate and kaolin dispersions, and processing of ultrafine PCC powder

Location:

Lot 1013, Jalan 2/32A,
6 ½ Miles, Kepong Industrial Area,
Jalan Kepong, 52100 Kuala Lumpur.

Calrock Sdn Bhd

Operations:

Office, warehouse and production of GCC

Location:

60, Persiaran Portland,
Tasek Industrial Estate,
31300 Ipoh, Perak.

Zantat Light C.C. Sdn Bhd

Operations:

Quarrying and crushing of limestone reserves

Location of Perak Quarry 1:

PT 22,
Mukim Sg. Raya,
31300 Keramat Pulai, Perak.

Zaneco Sdn Bhd

Operations:

Manufacturer of biodegradable and compostable compounds.

Location:

PT24571 & PT 21289
Kaw. Industri Batu Kapur
Keramat Pulai, 31300 Kampung Kepayang,
Perak.

SUSTAINABILITY REPORT (CONT'D)

Our Environmental Commitment

Since our inception, environmental stewardship has been integral to our operations. Beginning with the production of calcium carbonate in 1986, we have steadily expanded our commitment to sustainability. In 2000, the acquisition of Calrock, a company specializing in eco-friendly calcium carbonate production, further solidified our dedication to environmental responsibility.

Core Business Activities

ZHB's primary focus is on manufacturing calcium carbonate products, including Ground Calcium Carbonate ("GCC") and Calcium Carbonate ("CC") dispersions. GCC production has consistently contributed the majority of our revenue, accounting 82.7% in 2021, and 83.5% in 2022 and 87.4% in 2023. Additionally, we produce CC dispersion and kaolin dispersion, introduced in 2020, which serve as fillers in synthetic rubber glove production.



Image 1 : India Exhibition - Plastindia 2023

Image 2 : Bangkok Exhibition - T-Plas

Beyond our Core Activities

In addition to our primary focus on calcium carbonate products, we engage in processing ultrafine Precipitated Calcium Carbonate or PCC powder, trading other industrial minerals, and supplying limestone quarry products. These minerals cater to various industrial applications, including plastics manufacturing, glove production, paints and coatings, and rubber products. These endeavors align with our commitment to responsible business practices and sustainability.

Group Structure and Operating Entities

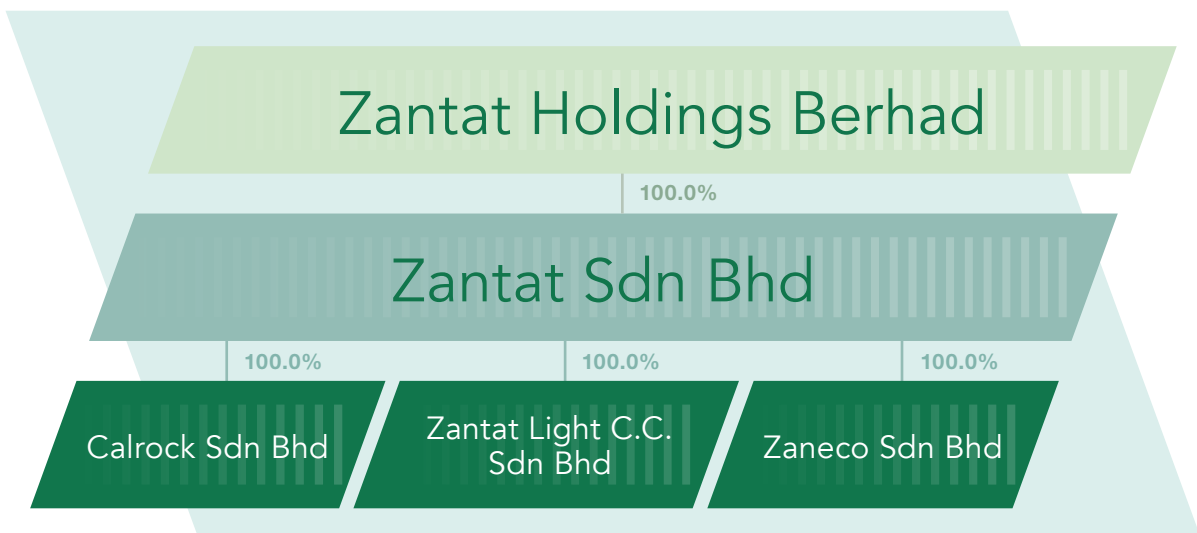


Diagram 1.1: Zantat Holdings Berhad's Journey to Public Listing and Beyond

SUSTAINABILITY REPORT (CONT'D)

Group Structure and Operating Entities (Cont'd)

On 27 March 2024, Zantat Holdings Berhad achieved a significant milestone by transitioning to a publicly listed company, highlighting its dedication to transparency, accountability, and sustainability. Rooted in a legacy dating back to 1985, when Zantat Sdn Bhd was established as a high-grade Calcium Carbonate producer in Malaysia, the company has progressively embraced sustainable growth principles throughout its evolution.

The decision to go public reflects Zantat's strategic commitment to transparency and stakeholder engagement. The prospectus released in February 2024 provides a comprehensive overview of Zantat's sustainable practices, governance structures, and future objectives.

Zantat sustainability report will outline its environmental, social, and governance ("ESG") initiatives, demonstrating efforts to minimize environmental impact, foster social inclusivity, and maintain robust corporate governance standards. These initiatives encompass investments in eco-friendly technologies, community support endeavors, and employee welfare programs.

Integral to Zantat's sustainability journey are key milestones such as the integration of sustainable practices into daily operations and the adoption of green technologies. Additionally, the company's engagement with local communities through educational and social initiatives underscores its commitment to creating positive societal impacts.

The public listing signifies not only a financial milestone but also an opportunity for to enhance its dedication to sustainability. By going public, aims to strengthen its reputation as a responsible corporate citizen, fostering trust among investors, stakeholders, and the wider community.

Our Approach to Sustainability

Sustainability Framework

ZHB has honed its sustainability framework to align seamlessly with our business strategy, guided by the Group's vision and mission. Within this framework, our aim is to address the needs of our stakeholders, minimize our environmental impact, and make positive contributions to the local communities in which we operate. Our focus areas include Delivering Excellence, Responsible Supply Chain, Empowering Our People and the Community, and Caring for the Environment. To achieve our objectives in each area, we address the concerns related to our material matters and set targets for enhanced sustainability performance. We track our progress and ensure continuous improvement through a performance scorecard linked to these targets.



Vision

To establish our presence as a top manufacturer of Calcium Carbonate products and a reliable partner that provides optimum value to customers in diverse industries.



Mission

To deliver on our promise of providing high-quality products and excellent services through strong customer relationships, innovative R&D, and state-of-the-art facilities.



Our Values

D Determination





R Reliability

R Resilience

SUSTAINABILITY REPORT (CONT'D)

Our Contribution to the UN SDGs

The Group actively engaged in the assessment and evaluation of our performance with respect to the United Nations Sustainable Development Goals (“SDGs”). Through a meticulous tracking of key indicators, we align our initiatives with the SDGs, striving to make a meaningful impact on social, economic, and environmental challenges. Our commitment extends to continuous monitoring and improvement, as we actively contribute to the realization of the global sustainability agenda.

SGDs	SDG Targets	Zantat Contribution
 <p>SDG 8: Decent Work and Economic Growth</p>	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.</p> <hr/> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<ul style="list-style-type: none"> • Zero fatalities and occupational injuries occurred in FY2023.
 <p>SDG 12: Responsible Consumption and Production</p>	<p>12.2 By 2030, achieve sustainable management and efficient use of natural resources</p> <hr/> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment</p> <hr/> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> • A portion of the layer pads used in our packaging were sourced from environmentally friendly components such as recycled stearic acid bags. • Recycled wooden pallets were used. • Metal waste was recycled. • Scheduled waste was collected by licenced scheduled waste collectors. • We used recycled Intermediate bulk containers (“BC”) tanks to store finished goods.
 <p>SDG 13: Climate Action</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <hr/> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>	<ul style="list-style-type: none"> • Carbon footprint for emissions in production operations was measured for the first time to identify suitable pathways to reduce carbon emissions across the organisation in the future.
 <p>SDG 16: Peace, Justice and Strong Institutions</p>	<p>16.5 Substantially reduce corruption and bribery in all their forms.</p>	<ul style="list-style-type: none"> • Strengthened our Anti-Bribery & Corruption Policy and Code of Conduct & Ethics.

SUSTAINABILITY REPORT (CONT'D)






Stakeholder Engagement

(GRI 2-29)

At ZHB, we recognize the importance of engaging with a diverse range of stakeholders who play a significant role in, or are impacted by, our operations. Our key stakeholder groups include shareholders, financiers, investors, government agencies, regulators, customers, employees, community members, non-governmental organizations (“NGOs”), suppliers, contractors, and media outlets. We have identified these stakeholders based on their influence on our business and their reliance on our activities.

As a responsible corporate entity, we prioritize maintaining transparent and constructive communication channels with all our key stakeholders. We engage in regular dialogues through both formal and informal platforms, fostering meaningful interactions. These engagements are essential for identifying material issues relevant to stakeholders, gaining insights into emerging opportunities and risks, and enabling us to respond effectively to their needs.




Through ongoing engagement efforts, we strive to build trust, foster collaboration, and ensure that the interests and concerns of all stakeholders are considered in our decision-making processes. Our commitment to stakeholder engagement underscores our dedication to responsible and sustainable business practices.

Key Stakeholder Group	Key Areas of Concern	Methods of Engagement	Frequency of Engagement
 <p>Customers</p>	<ul style="list-style-type: none"> • Products and services quality • Customer satisfaction • On-time delivery • Pricing and supplies 	<ul style="list-style-type: none"> • Regular feedback and meetings • Ad hoc participation in industry networking events 	<ul style="list-style-type: none"> • As required • As required
 <p>Employees</p>	<ul style="list-style-type: none"> • Employee welfare and benefits • Training and professional development • Occupational health and workplace safety 	<ul style="list-style-type: none"> • Employee engagement activities • Internal communications • Promote safety awareness at the workplace 	<ul style="list-style-type: none"> • Ongoing • As required • Ongoing
 <p>Government/Regulators</p>	<ul style="list-style-type: none"> • Regulatory compliance • Workplace safety • Environmental impact 	<ul style="list-style-type: none"> • Periodic meetings • On-site inspections • Ad-hoc workshops and training 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing
 <p>Local Communities & Public (“NGO”)</p>	<ul style="list-style-type: none"> • Job creation • Community development and enrichment • Environment impact and compliance 	<ul style="list-style-type: none"> • Local hiring • Community programs 	<ul style="list-style-type: none"> • Ongoing • As required
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> • Products and services quality • Company financial performance • Ethics, integrity & governance 	<ul style="list-style-type: none"> • Quarterly and Annual reporting • Annual General Meeting / Extraordinary General Meetings • Updated policies and compliance trainings 	<ul style="list-style-type: none"> • Quarterly/Annually • Annually/As required • As required

SUSTAINABILITY REPORT (CONT'D)

Stakeholder Engagement (Cont'd)

(GRI 2-29)

Key Stakeholder Group	Key Areas of Concern	Methods of Engagement	Frequency of Engagement
 <p>Suppliers</p>	<ul style="list-style-type: none"> On-time payment Business continuity Procurement ethics Products and services quality 	<ul style="list-style-type: none"> Negotiations with suppliers/ business partners Periodic meetings Performance evaluation 	<ul style="list-style-type: none"> As required As required As required
 <p>Financial Institutions</p>	<ul style="list-style-type: none"> Financial risk management 	<ul style="list-style-type: none"> Effective communications on business and operational updates Annual General Meeting 	<ul style="list-style-type: none"> Ongoing Annually
 <p>Media</p>	<ul style="list-style-type: none"> Prioritize transparent communication about business performance, ESG efforts, and community impact programs 	<ul style="list-style-type: none"> Identify traditional and digital media outlets pertinent to target audience and industry Organize media events such as press conferences or product launches Utilize multimedia content like photos and videos to enrich storytelling Assess the impact of media engagement strategies through analytics Modify approaches based on received feedback and analyzed data 	<ul style="list-style-type: none"> As required As required As required As required Ongoing

Materiality Assessment

(GRI 3-1, GRI 3-2)

As an organization, we recognize that the issues considered most important can significantly impact our capacity to generate enduring value for our stakeholders, both directly and indirectly. In 2023, a comprehensive materiality assessment was undertaken, involving essential internal and external stakeholders, to ensure their interests and concerns are taken into account. These material concerns exert influence over our business strategy and the allocation of resources to address crucial sustainability matters. While our objective is to perform an extensive materiality assessment every three years, we also engage in an annual review to verify the pertinence of previously prioritized economic, environmental, social, and governance impacts stemming from our day-to-day operations.

SUSTAINABILITY REPORT (CONT'D)

Materiality Assessment (Cont'd)

(GRI 3-1, GRI 3-2)



2023

- Undertook a comprehensive materiality assessment involving internal stakeholders, encompassing the Board of Directors and employees, alongside vital external stakeholder segments, which include shareholders and investors, government entities and regulators, customers, communities and NGOs, as well as suppliers.
- Our materiality methodology was aligned with Bursa Malaysia's Sustainability Reporting Guide and the GRI Standards.
- This process yielded the identification of 8 principal stakeholder groups and the prioritization of 13 pertinent material matters
- The conclusions drawn from this process were subsequently scrutinized by our Sustainability Steering Committee and received formal endorsement from the Board.

This year, as part of our limited-scale materiality review, we have determined that the material matters continue to align with ZHB's strategic objectives and stakeholder expectations. These material matters have also been compared against those of our local and regional peers, in addition to considering emerging risks and pertinent frameworks such as Bursa's Sustainability Reporting Guide (3rd Edition), and GRI Standards.

Materiality Assessment Process

Stakeholder Engagement

- Identify and engage key stakeholders to understand their concerns, expectations, and priorities related to sustainability.
- Utilize surveys, interviews, and consultations to gather valuable insights from diverse stakeholder groups.

Identification of Material Topics

- Compile a list of potential sustainability topics, considering industry standards, global frameworks, and emerging trends.
- Evaluate topics based on their relevance to stakeholders, impact on the environment, and alignment with corporate values.

Prioritization and Scoring

- Establish clear criteria for prioritizing sustainability topics, emphasizing factors such as stakeholder significance, environmental impact, and financial implications.
- Score and rank topics based on the established criteria to identify the most material issues.

Integration into Reporting Framework

- Incorporate prioritized sustainability topics into the reporting framework, ensuring transparent communication of the materiality assessment process.
- Clearly present the selected topics in the sustainability report, linking them to corporate goals, strategies, and ongoing initiatives.

SUSTAINABILITY REPORT (CONT'D)

Materiality Matrix

(GRI 3-2)

Similar to the previous year, Product Quality, Occupational Health and Safety, Materials, and Corporate Governance & Transparency continue to maintain their significance as material sustainability matters of very high importance. These vital aspects highlight our unwavering dedication to producing exceptional calcium carbonate powder and dispersion products, all while ensuring responsible sourcing of materials. Moreover, they reaffirm our steadfast commitment to fostering a safe and healthy workplace environment for our employees throughout our quarry and manufacturing facilities. Additionally, these priorities underscore's enduring responsibility to uphold ethical practices for both customers and suppliers, thereby reinforcing trust among all stakeholders.



 <p>Governance</p> <ul style="list-style-type: none"> 4 Corporate Governance & Transparency 9 Data Privacy & Cybersecurity 	 <p>Economic Sustainability</p> <ul style="list-style-type: none"> 1 Product Quality 8 Responsible Supply Chain 	 <p>Environmental Sustainability</p> <ul style="list-style-type: none"> 3 Materials 7 Climate Resilience and Energy Efficiency 10 Water Management 12 Waste Management 	 <p>Social Sustainability</p> <ul style="list-style-type: none"> 2 Occupational Health & Safety 5 Human Rights & Labour Practices 6 Talent Management 11 Diversity & Inclusion 13 Community Enrichment
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SUSTAINABILITY REPORT (CONT'D)

Management Approach for Material Matters

A Simple Approach to Economic Success

At Zantat, we keep our economic engine running by following a straightforward strategy. We stay updated on what is happening in the market, make sure our finances are in good shape, focus on using the latest technologies, manage risks carefully, and explore new markets in different place.

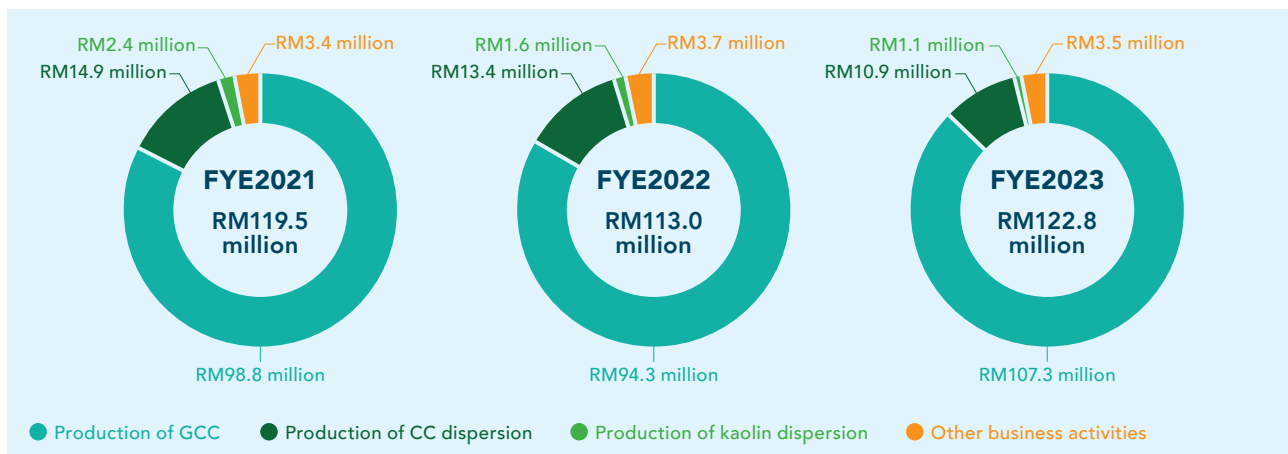
Commitment to Sustainable Financial Performance

(GRI 201-1)

At Zantat, our financial success is crucial for creating lasting value and advancing our sustainability goals. We understand our responsibility to provide good job opportunities and help local communities grow economically. Our main aim is to stay strong in the long run by managing our resources wisely and sharing the wealth we create with everyone involved.

This commitment goes beyond just making money; it includes our promise to support local jobs, boost community growth, and practice sustainability. By using our resources wisely, we not only ensure our own success but also contribute to the well-being of the communities we are part of. Our sustainable financial performance shows our dedication to being responsible and making a positive impact on people and the environment.

The Group's revenue segmentation by business activities are as follows:



The financial outcomes outlined in the table below were extracted from the audited financial statement and our Management Discussion and Analysis. These documents are accessible for review in our Integrated Annual Report for the year 2023.

	2021 RM	2022 RM	2023 RM
Economic value generated (i.e., revenue and other income)	120,627,209	114,730,399	124,074,688
Economic value distributed:			
- Operating costs	95,421,574	87,884,349	100,329,489
- Employee wages and benefits	10,453,150	11,865,612	14,462,421
- Payment to providers of capital. (i.e., dividend and financing cost)	5,114,604	7,567,613	1,247,488
- Payment to government (income tax)	3,133,375	1,970,801	1,232,024
- Community investment	500	22,645	34,303
Total	114,123,203	109,311,020	117,305,725
Economic value retained	6,504,006	5,419,379	6,768,963

Table 1.1: The Group's 3-year financial performance.

SUSTAINABILITY REPORT (CONT'D)

Management Approach for Material Matters (Cont'd)

Local Supplier

(GRI 204-1)

In alignment with our commitment to supporting local economies and reducing environmental impact, we prioritize sourcing materials from local suppliers whenever possible. However, it's noteworthy that certain products, such as Talc Powder, are not locally available, leading us to import them from Hong Kong, China. Additionally, for Freight & Forwarding services, we leverage competitive ocean freight services offered by select liners.

In 2023, our procurement spending had the following breakdown:

- Local transactions amounted to RM81,632,018.94, accounting for 85.09% of total transactions.
- Local transactions involving related parties totalled RM7,425,675.91, representing 7.74% of the total.
- Overseas transactions amounted to RM6,874,045.17, making up 7.17% of the total.

The total spending on local suppliers was RM89,057,694.85, which constitutes 92.83% of total procurement spending.

This breakdown reflects our dedication to fostering socio-economic growth and minimizing greenhouse gas emissions associated with transportation. Notably, some machine parts and spare parts are sourced from China due to specific requirements and availability.

Regarding services, we incur subscription fees for corporate email services from zantat.com.my. While considering that over 60% of our sales occur in India, we designated India sales facilitators to handle customer relations in that country. Moreover, handling charges for certain customers are managed by our Sri Lanka agent for one group of customers.

Furthermore, commissions for one group of customers are managed by our Singapore agent, while customers of another group are handled by our Vietnam agent.

The breakdown of our company's transactions for the reporting period illustrates our significant focus on local operations, with a majority of transactions occurring domestically. While related party transactions are relatively small in percentage, they still represent a notable portion of our local activities. Additionally, our overseas transactions signify our company's international presence and engagement, facilitated by strategic partnerships and agents in various regions.

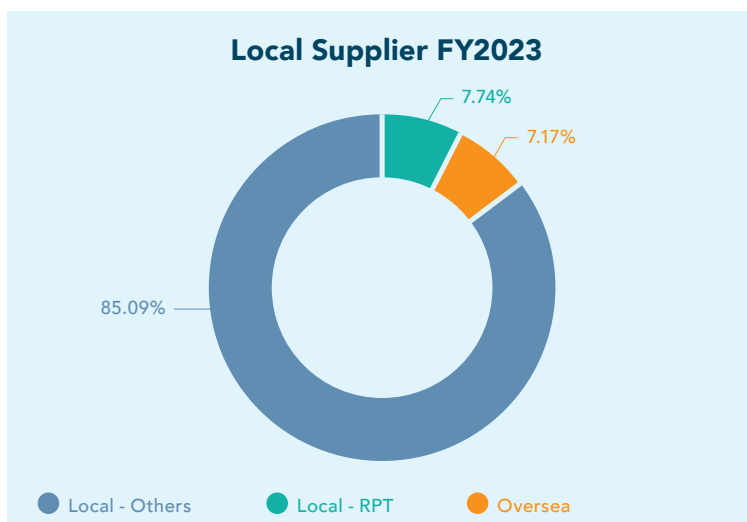


Illustration 1.1: The chart displays restated data on total suppliers contracted in FY2023 by Zantat Perak Plants, Zantat KL Plant, Calrock, Perak Quarry 1, and Zaneco.

SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance

Governance Structure

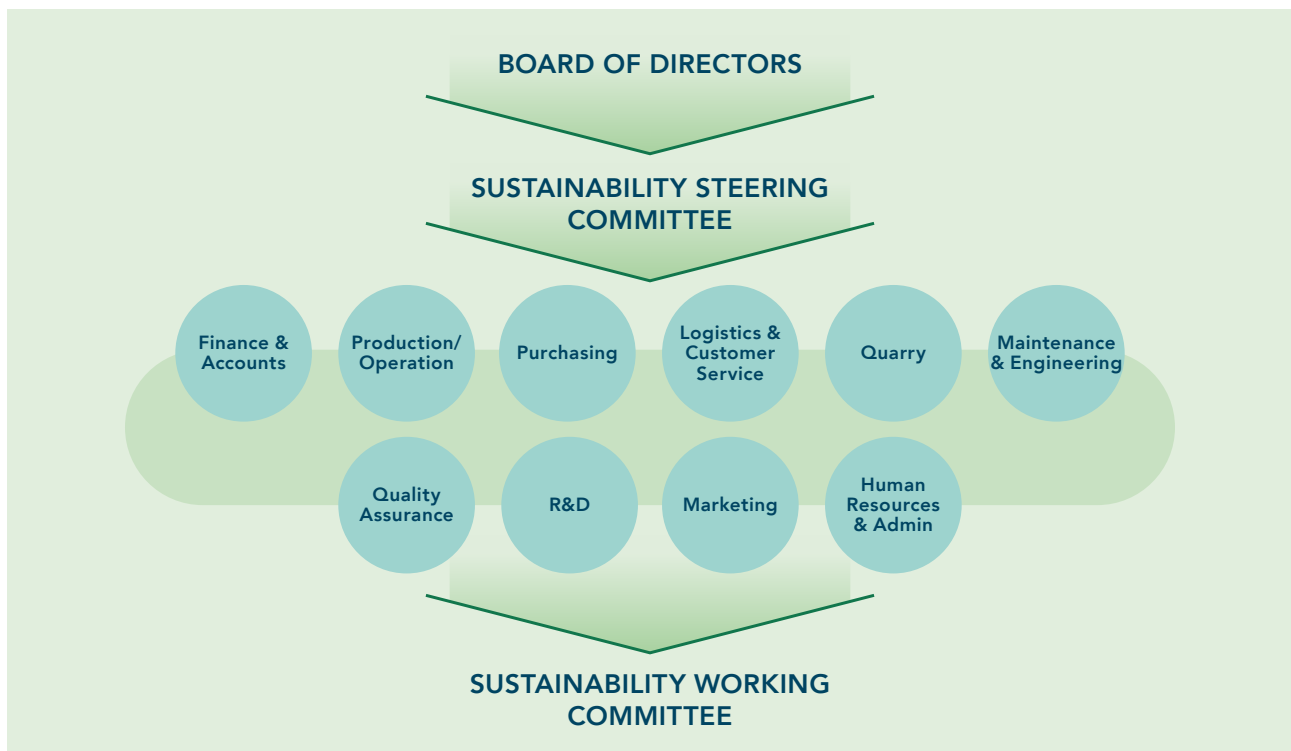
The Group's governance structure prioritizes transparency and accountability, incorporating sustainable practices across its operations. Comprehensive frameworks covering ESG aspects guide the Group's direction, enabling effective integration of sustainability into every facet of its business operations.

Board of Directors

Yap Yoon Kong	Independent Non-Executive Chairman
Chan Hup Ooi	Non-Independent Non-Executive Deputy Chairman
Chan Bin luan	Managing Director
Chan Jee Chet	Executive Director
Poo Lap Tuck	Independent Non-Executive Director
Gan Seng Kian	Independent Non-Executive Director
Rima Ramona Binti Muhammad Arif	Independent Non-Executive Director

Key Senior Management

Chan Bin luan	Chief Executive Office
Chan Eng Hue	Chief Operating Officer (KL Plant)
Chan Jee Chet	Chief Operating Officer (Perak Plants)
Aw Ee Ling	Chief Financial Officer



SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance (Cont'd)

Roles and Responsibilities



Board of Directors

- Offer strategic guidance for sustainability initiatives.
- Monitor progress and provide oversight on sustainability performance.
- Set long-term sustainability goals and targets.
- Ensure alignment of sustainability practices with the Group's overall strategy.



Sustainability Steering Committee

- Review the sustainability report and ensure that the disclosures align with the Bursa Malaysia Sustainability Reporting Guide before presenting it for Board approval.
- Propose and provide advice to the Board regarding sustainability strategies, policies, and targets that align with the Group's overall business strategy, seeking approval.
- Evaluate and manage material sustainability concerns for the Group, including corporate governance, transparency, climate resilience, energy efficiency, occupational health and safety, and other relevant risks and opportunities.
- Offer oversight and monitor the implementation of approved sustainability initiatives and the progress of sustainability strategies endorsed by the Board.
- Develop communication strategies and mechanisms to engage stakeholders on sustainability matters, periodically conducting materiality assessments to identify stakeholders' priorities.



Sustainability Working Group

- Supports the SSC by facilitating and executing the Group's sustainability strategies and initiatives in day-to-day operations, providing regular progress and performance reports to the SSC.
- Gathers and tracks ESG-related data and information for sustainability reporting, submitting them to the SSC for review and approval.
- Supervises and evaluates sustainability trends, climate-related matters, and significant sustainability risks and opportunities.
- Recognizes ESG risks and opportunities pertinent to business operations, presenting them to the SSC based on stakeholders' expectations.

Risk Management

ZHB adopts the ISO 31000:2018 Risk Management Guidelines to enhance preparedness and resilience by identifying and managing potential risks faced by our organization. Our Enterprise Risk Management ("ERM") framework encompasses sustainability and climate-related risks alongside corporate, financial, and operational risks. Through designated risk owners, the Risk, Integrity, and Compliance department, and the Board Risk and Sustainability Committee, we continually assess and monitor all identified risks to ensure they align with our risk appetite.

SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance (Cont'd)

Risk Management (Cont'd)

Material Matters	Risks	Opportunities
Product Quality	The risk of regulatory changes impacting product quality standards can pose challenges, requiring continuous monitoring and adaptation to ensure compliance.	Embracing a circular economy model presents an opportunity to enhance product quality by incorporating sustainable practices, such as recycling and waste reduction, creating a positive environmental impact and meeting growing consumer preferences for eco-friendly products.
Occupational Health & Safety	Workplace accidents and injuries result in productivity loss, legal consequences such as penalties, and reputational harm.	Fostering a strong safety culture and providing a conducive working environment enhances employee well-being, productivity, and upholds ZHB's reputation.
Materials	Not meeting stakeholders' demand for the use of sustainable materials may lead to a loss of market share.	Choosing sustainable materials boosts ZHB's brand image and appeals to a larger audience of environmentally conscious customers and investors.
Corporate Governance & Transparency	The risk of ethical lapses or non-compliance with corporate governance standards may pose reputational and legal challenges, necessitating robust monitoring and enforcement mechanisms.	Transparent Reporting Initiatives: Implementing transparent reporting initiatives, such as regular disclosure of governance practices and adherence to ethical standards, not only mitigates risks but also enhances trust among stakeholders. This commitment to transparency can attract investors and build a positive corporate reputation.
Human Rights & Labour Practices	Violations of human rights practices result in regulatory penalties, affect employee retention and culture, and harm reputation.	Implementing strong human rights practices solidifies ZHB's reputation as a responsible employer.
Talent Management	<p>Employees who are disengaged and lack development opportunities contribute to reduced productivity and performance levels.</p> <p>Offering unattractive benefits and remuneration packages impacts employee motivation.</p>	Implementing effective talent development and upskilling programs, along with attractive benefits packages, allows us to retain and attract top-quality industry talent while fostering a high-performance culture.
Climate Resilience and Energy Efficiency	<p>Failure to comply with current and emerging climate-related regulations results in financial penalties.</p> <p>Insufficient climate adaptation and mitigation measures result in damage to physical assets, financial losses, and business disruptions.</p>	<p>Establishing a strong position in the low-carbon solutions market enables the capitalization on the increasing demand for low-carbon products and services.</p> <p>Implementing an effective mitigation and adaptation strategy guarantees business continuity.</p>

SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance (Cont'd)

Risk Management (Cont'd)

Material Matters	Risks	Opportunities
Responsible Supply Chain	The failure of suppliers and contractors to adhere to ethical principles and safety culture poses a risk of operational disruptions to the business.	Effective procurement governance serves as a magnet, drawing in and retaining credible and skilled suppliers and contractors. Regular supplier assessments, including evaluations of environmental and social factors, are conducted to uphold our commitment to sustainability and responsible business practices.
Data Privacy & Cybersecurity	Cyber threats, including customer data breaches, can result in the loss of customer trust and reputational damage.	By implementing robust cybersecurity measures and enhancing data management practices, ZHB ensures the protection of critical customer data, fostering trust in the company.
Water Management	Inadequate water management results in increased costs and potential scarcity of water resources.	Implementing efficient water management practices can lower operational costs and encourage water conservation behaviour.
Diversity & Inclusion	Engaging in discriminatory employment practices harms ZHB's reputation.	Cultivating an inclusive, diverse, and empowering work culture attracts talent and brings diverse viewpoints that enhance the quality of decision-making.
Waste Management	Failure to comply with environmental regulations leads to repercussions from both authorities and activists.	Implementing waste reduction and enhancing resource efficiency can lead to cost savings in operations.
Community Enrichment	Business activities that have adverse effects on communities undermine ZHB's social license to operate.	Engaging in community impact programs on a regular basis strengthens ZHB's relationship with local communities.

Significance of Anti-Bribery and Corruption Initiatives

In our pursuit of sustainable practices, we remain steadfast in upholding strong business ethics and compliance across our operations. This Report outlines our commitment to honesty, integrity, and operational excellence, underscoring our dedication to building trust and confidence among our stakeholders.

Board and Senior Management Commitment to Integrity

(GRI 205-1)

Our leadership team is unwavering in their commitment to upholding ethical standards in every facet of our business. This dedication underscores our firm belief in transparency, integrity, and ethical governance. By prioritizing these principles, we aim to establish a solid foundation of trust in all our operations. This means that our leaders prioritize open and honest communication, maintain the highest levels of integrity in decision-making, and adhere to ethical governance practices. Through these efforts, we seek to build trust not only within our organization but also with our stakeholders and the wider community.

SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance (Cont'd)

Significance of Anti-Bribery and Corruption Initiatives (Cont'd)

Code of Conduct and Anti-Bribery Policy Implementation

(GRI 205-2, GRI 205-3)

At Zantat, our approach to ensuring ethical conduct encompasses the practical implementation of two key documents: the Code of Conduct ("CoC") and the Anti-Bribery and Corruption ("ABAC") Policy. These documents serve as foundational frameworks, explicitly outlining crucial principles and guidelines that govern the behavior and responsibilities of all our employees and Directors within the organization.

The Code of Conduct serves as a comprehensive guide, setting forth the fundamental ethical standards expected from everyone associated with Zantat Holdings. It covers a wide spectrum of ethical considerations, providing clear directives on issues ranging from professional conduct to decision-making processes.

Similarly, the Anti-Bribery and Corruption Policy is designed to prevent and combat corrupt practices within our organization. This policy outlines specific guidelines and measures to identify, prevent, and address bribery and corruption. It serves as a robust tool to ensure that our business dealings are conducted with the utmost integrity and in compliance with legal and ethical standards.

By implementing these documents, the Group aims to foster a culture of ethical behaviour and responsibility among all its members. This proactive approach reflects our commitment to not only meet legal requirements but also to uphold a higher standard of ethical conduct that aligns with our values and contributes to the long-term sustainability and success of our business.

Employee Training and Annual Certification

(GRI 404-1)

In our commitment to ethical excellence and responsible business practices, we prioritize the integration of ethical standards into every aspect of our organization. New employees undergo a thorough induction program, which not only familiarizes them with CoC and ABAC Policy, but also provides practical insights into applying these principles in real-world scenarios. This immersive approach instills a deep understanding and commitment to ethical conduct from the onset of their journey with us.

Moreover, our dedication to ethical education extends beyond onboarding. All employees participate in annual training sessions, accompanied by assessments, to continually reinforce our ethical framework. This ongoing commitment ensures that our workforce remains aligned with our ethical principles, fostering a culture of integrity and responsibility throughout our organization.

By embedding ethical education into our processes, we strive to cultivate a workplace culture where ethics are not just policies but fundamental values guiding our operations. This commitment underscores our dedication to upholding ethical excellence and responsible business conduct in everything we do.

Whistleblowing Policy Implementation

(GRI 205-2)

In alignment with our commitment to maintaining the highest standards of integrity and ethical conduct, the company has instituted a specialized channel as part of our Whistleblowing Policy. This channel serves as a dedicated mechanism for reporting any improprieties or ethical concerns within the organization. Its purpose is to provide a confidential and secure avenue for both our employees and external stakeholders to report issues without fear of reprisal.

The establishment of this whistleblowing channel underscores the importance of effective communication and training about anti-corruption policies within our organization. This proactive measure reflects our dedication to fostering a culture of openness, accountability, and ethical responsibility.

Employees and external stakeholders can utilize this channel to bring attention to any conduct that may violate ethical standards, legal regulations, or the principles outlined in our policies. The confidential nature of the reporting process ensures that individuals can express their concerns without fear of retaliation, creating an environment where ethical considerations are prioritized.

Moreover, this whistleblowing channel is not only a reporting mechanism but also a tool for continuous improvement. It enables us to identify and address potential issues promptly, contributing to the ongoing enhancement of our anti-corruption measures. Through effective communication and training initiatives, we aim to reinforce the importance of ethical conduct, encourage reporting, and demonstrate our commitment to maintaining a workplace characterized by integrity and transparency.

SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance (Cont'd)

Whistleblowing Policy Implementation (Cont'd)

(GRI 205-2)

This year the Group has undertaken a corruption risk assessment that covers all our operations.

	2021	2022	2023
Percentage of operations that underwent corruption risk assessments.	N/A	N/A	100%

Corruption-Related Training

Employee Category	Completion rate (%)		
	2021	2022	2023
Management	N/A	N/A	100%
Executive	N/A	N/A	100%
Non-executive	N/A	N/A	100%

Corruption Incidents

As of 31st December 2023, we recorded zero incidents of corruption across the organization business operations.

	2021	2022	2023
Number of confirmed corruption incidents	0	0	0

Accessibility of Policies

(GRI 103-1, 103-2)

To enhance transparency and accessibility, the CoC, ABAC Policy, and Whistleblowing Policy can be accessed on our company intranet and in the employee handbook. This underscores our commitment to elucidating key topics, management approaches, and components.

Our dedication to ethical business practices is emphasized in this comprehensive overview, highlighting our commitment to integrity, anti-bribery measures, and effective whistleblowing channels. We consistently endeavour to maintain the utmost standards of ethical conduct throughout our organization by fostering transparent communication and ongoing improvements. Moving forward, the Group is assessing the potential implementation of new ESG policies, along with refining existing ones, to ensure that we align with applicable standards. This effort is aimed at providing comprehensive guidance to the entire group.

Supplier Ethical Conduct and Commitment

(GRI 308-1, 308-2)

The role of our suppliers is fundamental in upholding Zantat's ethical standards. We hold our suppliers to the highest ethical standards, expecting them to deliver quality products and services while adhering to ethical conduct and complying with the Anti-Bribery and Corruption (ABAC) Policy.

In 2023, Zantat did not have a formal Code of Conduct (CoC) in place for suppliers. However, recognizing the importance of ethical supplier practices, the company intends to implement a CoC in the upcoming year. Our commitment to ethical supplier practices aligns with GRI standards 308-1 and 308-2, emphasizing the significance of screening suppliers for ethical practices. This ensures that our supply chain operates with integrity and ethical responsibility, while consistently meeting our quality and reliability standards.

Through the meticulous screening of suppliers using our New Supplier Evaluation Form, we aim to cultivate a network of partners who share our dedication to ethical conduct. This proactive approach mitigates the risk of engaging with entities that may compromise our ethical standards, fostering an ethical business environment across our supply chain.

Ultimately, our expectation for ethical conduct from suppliers is not merely a requirement but a shared commitment to upholding integrity, transparency, and responsible practices throughout the entirety of our supply chain.

Strengthening Sustainable Procurement Practices

(GRI 308-1, GRI 308-2, GRI 308-3)

In 2023, the Group maintained a steadfast commitment to sustainability by integrating rigorous evaluations into our procurement processes. Our dedication to transparency and fairness in procurement practices was evident as we selected suppliers who align with our sustainability ethos. Leveraging our e-procurement system, we streamlined the procurement journey, embedding sustainability considerations at every stage, from initial supplier registration and screening to contract awards and ongoing performance evaluations.

Throughout the year, our criteria remained stringent, encompassing ethical practices, adherence to health and safety standards, effective environmental management, and respect for human rights principles. Annual performance reviews were conducted, categorizing suppliers based on quality, timely delivery, and professional conduct.

SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance (Cont'd)

Supplier Ethical Conduct and Commitment (Cont'd)

(GRI 308-1, 308-2)

Strengthening Sustainable Procurement Practices (Cont'd)

(GRI 308-1, GRI 308-2, GRI 308-3)

Recognizing our role in fostering local economic growth and minimizing our carbon footprint, we prioritized sourcing from local suppliers whenever feasible.

In 2023, we successfully expanded our evaluation process to cover a significant proportion of new suppliers. Utilizing a Supplier Evaluation Form, we meticulously assessed both existing and new suppliers, ensuring alignment with our sustainability goals while considering quality, cost, and service range.

Supplier Evaluation Form Criteria

Organization certification
Final product specification
Stock-keeping
Planned Inspection and testing procedures
Product identification and traceability
Standard testing methods
Records maintenance
First in first out principle

Securing Tomorrow: Our Commitment to Cybersecurity and Data Protection

In the face of the swiftly evolving landscape marked by trends such as remote working, e-commerce, and automation, the digital realm has become integral to our operations. However, with this increased reliance on digital technologies comes an elevated risk of cybersecurity threats. ZHB is resolutely dedicated to proactively managing the growing menace of cyber-attacks, with a primary focus on fortifying the security of our customers' sensitive information. Our commitment stands as a safeguard against breaches, threats, or any compromise of customer data.

Enhancing Cybersecurity: Our Ongoing Commitment to Data Protection

At ZHB, we take safeguarding your information seriously. Our commitment to cybersecurity is outlined in our Data Privacy Policy, which aligns with the Personal Data

Protection Act of 2010. We integrate cybersecurity into our daily operations, ensuring we comply with rules in the regions where we work.

In our Enterprise Risk Management framework, managing data securely is a top priority. We regularly review our controls and processes to make sure they work effectively. We collect data legally, and we are transparent about how we gather, use, and protect it. When handling customer data in our centralized system, we get proper permission and limit access to authorized personnel. Regular checks are in place to prevent unauthorized access.

Our data retention policy guides us in keeping data for the right amount of time and securely disposing of it when it's no longer needed. In 2023, we took steps to improve our cybersecurity, including external tests to find and fix any weaknesses. We also educate our employees on data protection through mandatory training and phishing email simulations to enhance their ability to recognize and respond to such emails.

Exemplary Data Protection: A Year of Zero Complaints and Data Loss

(GRI 418-1)

As of 31 December 2023, no verified complaints have been reported regarding breaches in customer privacy or data loss.

	2021	2022	2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

Commitment toward Occupational Health and Safety Management Systems ("OHSMS")

(GRI 403-1)

The Group Health and Safety Policy outlines how we conduct our business operations safely, incorporating various measures and controls for all levels of the workforce. We have set up the OHSMS to align with the Occupational Safety and Health Act 1994 and ISO 45001:2018 Occupational Health and Safety Management System standards.

Health, Safety, and Environment ("HSE") Working Committees

(GRI 403-4)

Each division and location have dedicated HSE Working Committees, which have regular meetings with representatives from the Board to discuss performance and directions at all levels.

SUSTAINABILITY REPORT (CONT'D)

Sustainability Governance (Cont'd)

Commitment toward Occupational Health and Safety Management Systems (“OHSMS”) (Cont'd)

(GRI 403-1)

Joint Management-Worker Health and Safety Committees

(GRI 403-5)

At project sites, we create joint management-worker health and safety committees, encouraging participation from workers at all levels in discussing Occupational Safety and Health (“OHS”) matters.

These committees focus on identifying hazards, assessing risks, and contributing ideas to manage or minimize risk levels. Throughout each project’s life cycle, we use dedicated risk management processes, including during the design and pre-construction stages, to identify hazards, mitigate risks, and enhance health and safety management for all current and future projects.

We regularly review and assess the Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) process to ensure its continued relevance in identifying all potential hazards and implementing effective mitigation measures. At Zantat, we encourage a reporting culture that allows workers to report incidents without fear of reprisal. To make reporting incidents easier, we have set up a dedicated reporting line to communicate information for management’s attention.

Environment Sustainability

Embracing Sustainability: Our Climate Action

In acknowledgment of the impact our energy consumption and greenhouse gas emissions can have on climate change, we are committed to reducing our carbon footprint responsibly. This commitment aligns with our overarching goal of ensuring long-term sustainability and delivering value to our business, stakeholders, and communities.

In response to the pressing issue of climate change, the Group has recognized the need for action. As a result, we have developed a detailed plan called the Climate Transition Approach. This approach is designed to help us navigate the challenges posed by climate change while staying true to our environmental values. It is structured around three key pillars, which serve as the foundation for our approach to addressing climate-related issues.

Climate Transition Approach

01

Managing Our Emissions (GRI 305 – Emissions):

- Implementation of stringent measures to monitor, reduce, and offset our carbon emissions.
- Regular assessments and adjustments to ensure continual progress towards emission reduction targets.

02

Investing in Low Emissions and Green Technologies (GRI 307 - Environmental Impact Assessment):

- Strategic allocation of resources towards adopting environmentally friendly technologies and processes.
- Research and development initiatives to explore innovative, sustainable solutions for our operations.

03

Leveraging Partnerships and Collaborations (GRI 203 - Infrastructure Investments):

- Engaging in partnerships with like-minded organizations and stakeholders committed to sustainable practices.

Through these concerted efforts, we are not only minimizing our environmental impact but also actively contributing to the global transition towards a more sustainable and resilient future.

SUSTAINABILITY REPORT (CONT'D)

Environment Sustainability (Cont'd)

Embracing Sustainability: Our Climate Action (Cont'd)

Pillar 1: Emission Stewardship for a Sustainable Tomorrow

Under the first pillar of our Climate Transition Strategy, “Emission Management”, Zantat Holdings Berhad is actively implementing a comprehensive plan to reduce and control our greenhouse gas (“GHG”) emissions.

We are continuously working to improve our energy consumption and efficiency through the following strategy:

Emission Management Strategy	Description
Energy Efficiency Measures	<ul style="list-style-type: none"> Implementing energy-efficient technologies and practices to optimize resource consumption. Upgrading equipment and processes to enhance energy efficiency and reduce emissions.
Transition to Renewable Energy	<ul style="list-style-type: none"> Accelerating the adoption of renewable energy sources such as solar. Investing in renewable energy infrastructure to reduce the supplement conventional energy generation.
Emission Monitoring and Reporting	<ul style="list-style-type: none"> Providing transparent reporting on emissions data, fostering accountability and awareness.
Employee Engagement and Training	<ul style="list-style-type: none"> Engaging employees in emission reduction efforts through awareness campaigns and training. Encouraging a culture of sustainability among the workforce to drive individual and collective actions.

a) Integrating sustainable practices into our developments

At Zantat, our commitment to sustainability is more than just a promise; it's ingrained in our approach to business. We understand the potential impact of our operations on the environment and local communities, and we actively work to incorporate sustainable practices into every facet of our business.

This commitment involves applying eco-friendly principles, adopting resource-efficient methods, and using environmentally responsible processes. From production to distribution, we aim to minimize our ecological footprint and contribute positively to the surrounding ecosystems.

Our dedication to sustainable development extends beyond environmental considerations to encompass social and economic aspects. We strive to ensure that our operations bring lasting benefits to local communities by promoting inclusivity, engaging with stakeholders, and supporting initiatives that enhance overall well-being.

As we integrate sustainable practices into our operations, we not only adhere to industry standards but also seek to set new benchmarks for responsible and environmentally conscious business practices. This aligns with our vision of creating products that not only endure but also contribute to a more sustainable and resilient future.

Pillar 2: Investing in Low Emissions and Green Technologies.

(GRI 302-1)

a) Increasing deployment of renewable energy

As part of our commitment to sustainable practices and reducing our environmental impact, we have embarked on a significant initiative to increase the deployment of renewable energy across our operations. One notable project under this initiative involves the installation of solar panels at one of our key manufacturing plants.

SUSTAINABILITY REPORT (CONT'D)

Environment Sustainability (Cont'd)

Embracing Sustainability: Our Climate Action (Cont'd)

Pillar 2: Investing in Low Emissions and Green Technologies.

(GRI 302-1)

- a) Increasing deployment of renewable energy (Cont'd)
 - i) **Harnessing Solar Energy:** The installation of solar panels is a strategic move to harness the abundant and renewable energy resource provided by the sun. By capturing sunlight and converting it into electricity, we aim to reduce our reliance on conventional energy sources, thereby lowering our carbon footprint.
 - ii) **Environmental Benefits:** Solar energy is a clean and green alternative to traditional power sources. The use of solar panels helps in mitigating greenhouse gas emissions and contributes to the overall reduction of our environmental impact. This aligns with our broader goal of transitioning towards cleaner and more sustainable energy practices.
 - iii) **Operational Resilience:** Embracing renewable energy sources enhances our operational resilience. Solar panels provide a reliable and consistent source of electricity, contributing to a more stable and sustainable energy supply for our manufacturing processes. This not only benefits the environment but also ensures the reliability of our operations.
 - iv) **Cost Efficiency:** While there is an initial investment in solar panel installation, the long-term benefits include significant cost savings on energy bills. The shift towards renewable energy reflects our commitment to responsible financial management and optimizing resource use for sustained economic performance.
 - v) **Community Impact:** Beyond our operational considerations, this initiative positively impacts the communities where we operate. It demonstrates our responsibility towards local environments by reducing air pollution and promoting sustainable energy practices. Enabling sustainable transformation through innovative solutions.

By increasing the deployment of renewable energy through initiatives like solar panel installations at Perak Plant 1, the Group is taking concrete steps towards a more sustainable and environmentally conscious future.

Energy Consumption

(GRI 302-1, GRI 302-4)

This year, our total energy consumption amounted to 27,734,748 GJ, reflecting a 24.5% increase compared to 2022, primarily due to the inclusion of Zaneco's data in FY2023.

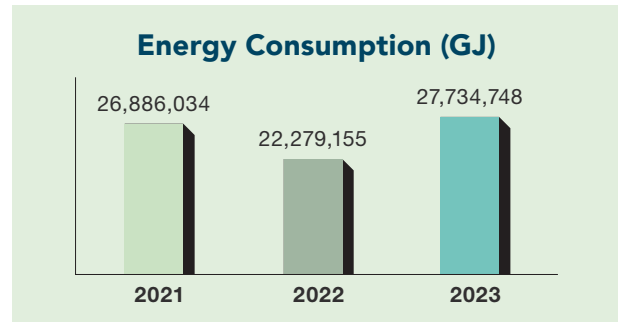


Illustration 1.2: The graph displays data for FY2021 and FY2022 on total energy consumption (GJ) by Zantat Perak Plants, Zantat KL Plant, Calrock, and Perak Quarry 1. For FY2023, the data is restated to include all entities, incorporating Zaneco.

In recent years, we have taken progressive steps to integrate renewable energy into our operations by gradually installing solar panels at Perak Plant 1. This approach is aimed at reducing our reliance on electricity generated from fossil fuels. During 2023, our efforts resulted in the successful generation of 1,261,363 kWh of solar power, marking a significant increase from the previous year's 1,146,150 GJ. This growth can be attributed to the expansion of our existing solar photovoltaic systems.

Year	Total Energy Consumption (kWh)
2021	10,307
2022	1,146,150
2023	1,261,363

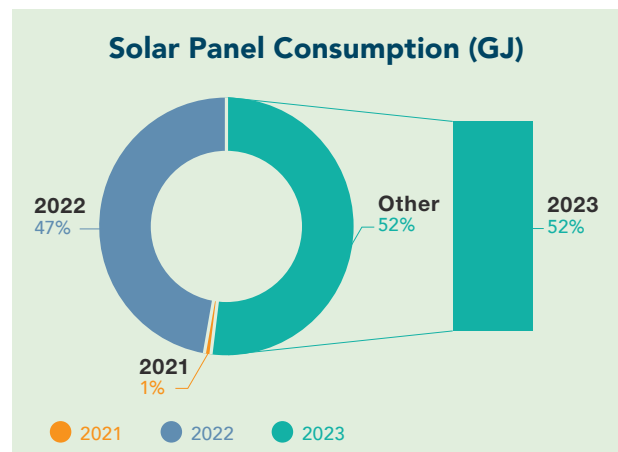


Illustration 1.3: The chart displays total energy consumption on solar panels (kWh) in FY2021 and FY2022 from Zantat Perak Plants, Zantat KL Plant, Calrock, and Perak Quarry 1. For FY2023, the data is restated to include all entities, incorporating Zaneco.

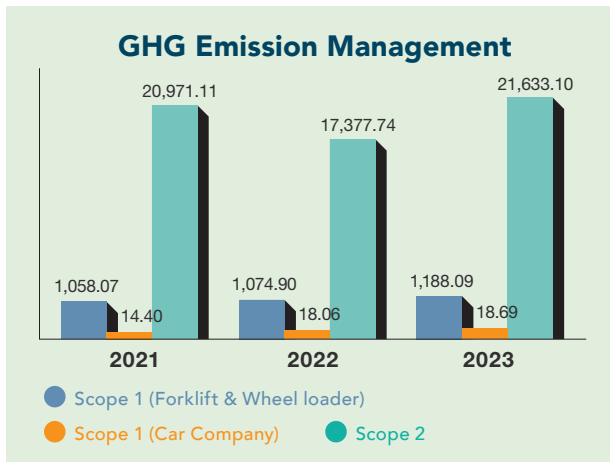
SUSTAINABILITY REPORT (CONT'D)

Environment Sustainability (Cont'd)

Carbon Emissions

(GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-5)

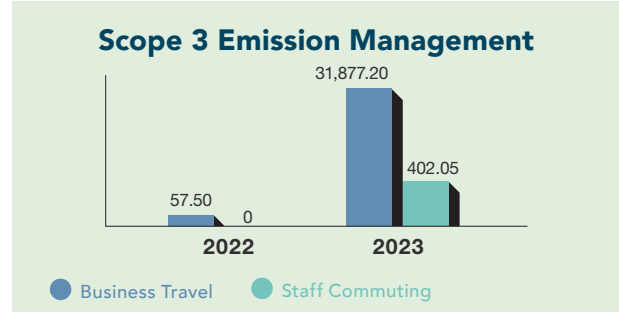
In our commitment to transparent sustainability reporting, we rely on the emission factors provided by the Department for Environment, Food & Rural Affairs (DEFRA) for our Scope 1, 2, and 3 calculations. In 2023, our total emissions amounted to 1,206.78 tCO₂-e for Scope 1 and 21,633.10 tCO₂-e for Scope 2, indicating an approximately 10.40% increase compared to the previous year. This rise is primarily attributed to the inclusion of Zaneco's data in FY2023.



	Scope 1 Forklift, Wheel loader	Scope 1 Company Car	Scope 2 Electricity
2021	1,058.07	14.40	20,971.11
2022	1,074.90	18.06	17,377.74
2023	1,188.09	18.69	21,633.10

Starting in 2023, our dedication to transparent reporting has been fortified. Unlike the previous fiscal year, where Scope 3 emissions only covered business travel, our disclosure has significantly evolved. In FY2023, we have restated the scope of reporting to provide comprehensive insights into both business travel and staff commuting. This enhanced transparency aligns with TCFD guidelines, reflecting our commitment to fostering a more sustainable future.

	Scope 3 Business Travel Emissions (kg CO ₂ e)	Scope 3 Employee Commuting Emissions (kg CO ₂ e)
2022	57.50	N/A
2023	31,877.20	402.05



Water Management

(GRI 303-5)

The Group recognizes the challenges of the global water crisis and the impact of climate change. Despite Malaysia's water abundance, we understand the need for responsible water use in our operations.

In FY2023, we expanded our efforts to monitor water consumption from our headquarters to all production facilities. Our data reveals the use of approximately 25,666 m³ of water across these divisions. Committed to addressing water scarcity, we continue to research and implement sustainable water management practices.

In the same fiscal year, water usage varied across divisions. KL Plant sourced water from a third-party municipal supplier, Perak Plants used groundwater, and Zantat Light extracted water from a nearby river for washing purposes. No chemicals were used in this process. Wastewater was treated in a concrete pond before being returned to the river, and regular cleaning maintained its effectiveness. The material from cleaning was repurposed for quarry access road maintenance.

Water Consumption (m³)

2021	22,185
2022	23,886
2023	25,666

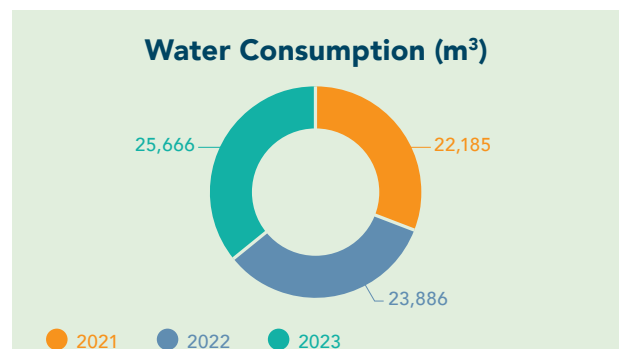


Illustration 1.4: The chart displays total water consumption (m³) in FY2021 and FY2022 from Zantat Perak Plants, Zantat KL Plant, Calrock, and Perak Quarry 1 For FY2023, the data is restated to include all entities, incorporating Zaneco.

SUSTAINABILITY REPORT (CONT'D)

Environment Sustainability (Cont'd)

Sustainable Waste Management in Calcium Carbonate Production

(GRI 306-1)

At Zantat, our primary focus lies in responsible waste management within our calcium carbonate production processes. We are dedicated to minimizing our environmental footprint by efficiently handling both hazardous scheduled waste and non-hazardous waste to safeguard the well-being of our surroundings and communities.

We adopt a comprehensive waste minimization strategy centered on the principles of reduce, reuse, and recycle (3R). Adherence to local environmental regulations and industry standards serves as our guiding principle across all our production facilities spanning Malaysia, Indonesia, and Vietnam, demonstrating our commitment to sustainable practices and environmental stewardship.

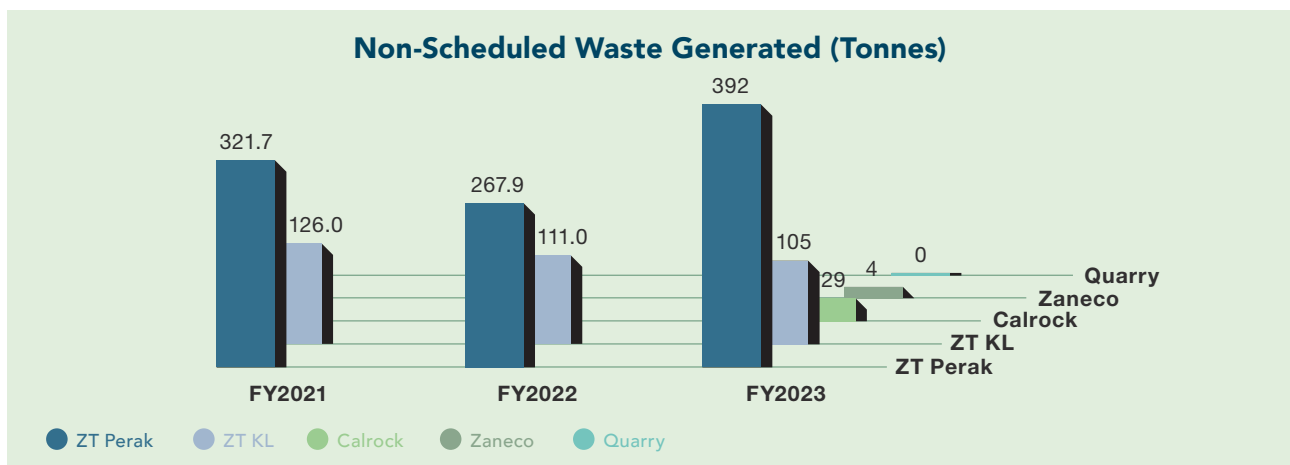
Our meticulous waste separation protocols and rigorous oversight of scheduled waste ensure strict compliance with regulatory standards. We collaborate with licensed contractors to facilitate proper collection and disposal of scheduled waste. Moreover, we actively promote initiatives to reduce office waste through recycling campaigns and digital documentation initiatives.



In 2023, our waste production amounted to 530 metric tons, with 39.9% of this waste successfully reused or recycled. As we look ahead, we are committed to enhancing collaboration among stakeholders and optimizing resource efficiency to further embed sustainable waste management practices across our operations.

	2021		2022		2023				
	Perak	KL	Perak	KL	Perak	KL	Calrock	Zaneco	Quarry
Total non-scheduled waste generated (MT)	321.7	126.0	267.9	111.0	392	105	29	4	0

Table 1.2: For FY2021 and FY2022, data for non-scheduled waste was only generated in Perak and KL. Waste data from KL was estimated based on transportation capacity and trips. For FY2023, the data has been restated to include Calrock, Zaneco, and Quarry.



As in the previous year, scheduled waste was responsibly disposed of through collection by licensed contractors accredited by the Department of Environment (“DOE”). Perak Plant manages SW305 and SW306 wastes whereas KL Plant manages its SW204, SW408, and SW409 waste through third-party scheduled waste contractors, ensuring compliance with contractual and legislative obligations in waste management practices. There were no scheduled wastes recorded at Calrock and Perak Quarry 1 from FY2021 to FY2023.

SUSTAINABILITY REPORT (CONT'D)

Environment Sustainability (Cont'd)

Sustainable Waste Management in Calcium Carbonate Production (Cont'd)

(GRI 306-1)

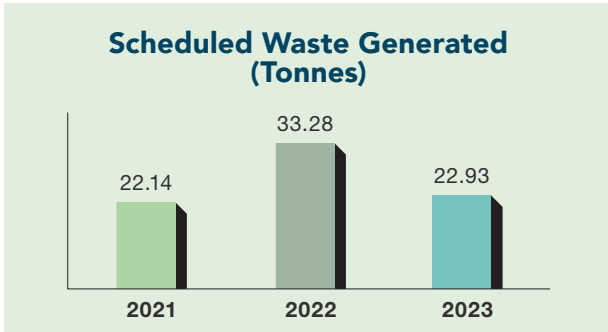


Illustration 1.5: The graph displays scheduled waste generated in FY2021, FY2022 and FY2023 from Zantat Perak Plants, Zantat KL, Calrock, and Perak Quarry 1.

Waste production at KL Plant demonstrated a notable trajectory in recent years. From FY2021 to FY2022, there was a significant increase of approximately 50.27% in waste generation, reflecting the evolving nature of our operations. Subsequently, from FY2022 to FY2023, we observed a decrease of about 31.11%, indicative of our commitment to sustainable waste management practices. This fluctuation underscores our ongoing efforts to optimize processes, minimize environmental impact, and enhance the overall sustainability of our operations.

Social Sustainability

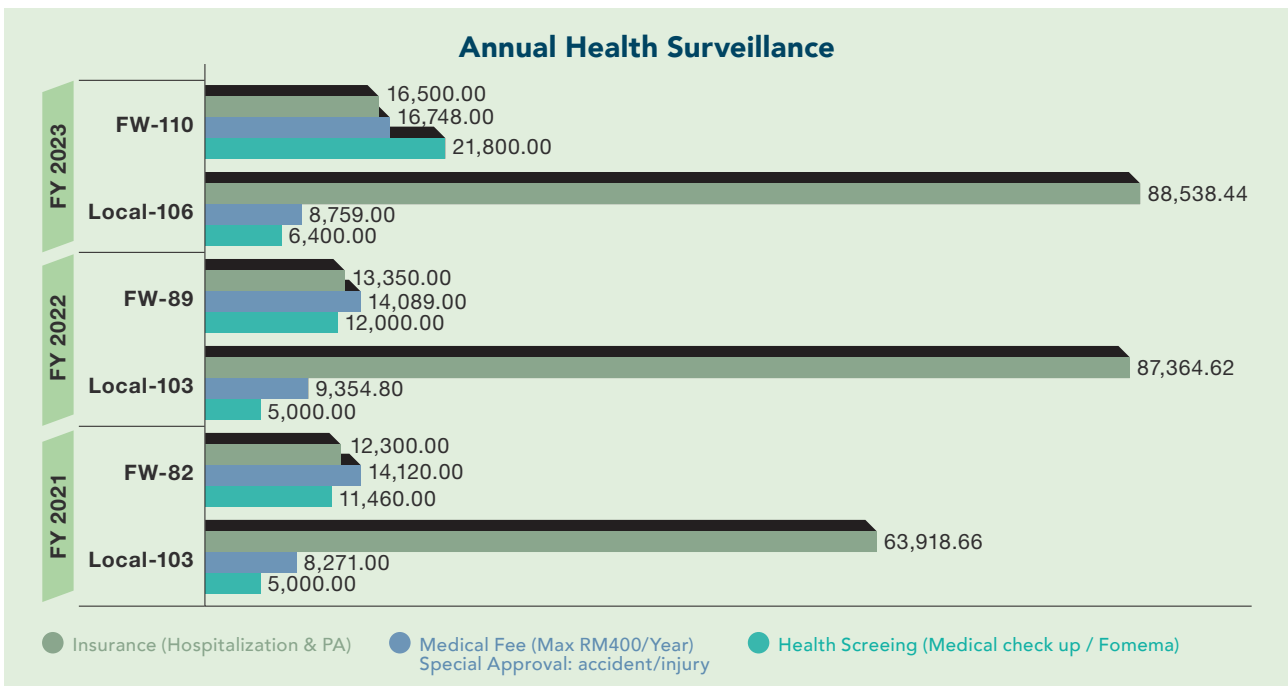
Prioritizing Safety and Well-Being: The Crucial Impact of Robust Occupational Health and Safety Practices

(GRI 403-6)

At Zantat, the health and safety of our employees and contractors come first in all our workplaces. We are committed to creating a work environment that is safe, healthy, and conducive to preventing injuries and illnesses among our workforce, ultimately boosting efficiency and productivity.

Employee Health and Well-Being Programs

We value the health and well-being of our employees. We provide comprehensive medical care, including mandatory health screening and annual health surveillance. To ensure easy access to medical attention, we offer designated medical transport at our construction sites.



SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Health and Safety Training

(GRI 403-5)

Additionally, health and safety training are a crucial part of our approach, with training provided at the point of recruitment, on-the-job, and through regular refresher courses for employees and contractors. These training programs cover topics like emergency response, hazard and risk management, and health awareness. We regularly review these programs to ensure they stay relevant and effective. In 2023, a total of 220 participants were given various trainings on health and safety standards.

	2021	2022	2023
Number of employees and contractors trained on health and safety standard.	187	190	220

Workplace Incidents: Addressing and Mitigating Work-Related Injuries

(GRI 403-9)

ZHB's paramount objective is to ensure the safety of all workers, ensuring they return home safely at the end of each day. To achieve this, we are committed to preventing and minimizing workplace incidents, aiming to maintain zero fatalities annually.

Fortunately, in 2023, we maintained a commendable safety record with zero fatal incidents or accidents. Our commitment to a safe workplace remains unwavering, and we continue to implement stringent safety measures, including the introduction of enhanced safety protocols and comprehensive employee and contractor training. Our proactive approach ensures the continuous improvement of safety standards, safeguarding the well-being of everyone in our operations.

The Group remain committed to continuously strengthen our preventive measures to avoid any recurrence in the future.

	2021	2022	2023
	Employee	Employee	Employee
Total Hours Worked	451,182	518,423	597,663
Number of Fatalities	0	0	0
Number of Lost Time Injuries	0	0	2
Lost Time Incident Rate ("LTIR")	0	0	0.0106

Prioritizing Customer Satisfaction and Loyalty

The Group acknowledges that customer satisfaction and loyalty are essential elements for long-term success and maintaining our standing as a leading player in the material and minerals industries. With this in consideration, we are dedicated to improving customer satisfaction by actively incorporating their feedback and consistently upholding the highest quality standards across all our material and mineral products and services.

We are committed to enhancing our customers' experience through active engagement, including periodic feedback collection and our annual Customer Satisfaction Survey ("CSS"). These efforts provide valuable insights into customer needs and expectations, guiding the improvement of our products and services. The CSS covers various topics such as Product and Services Quality, Timely Delivery, Customer Health and Safety, Responsiveness, and Overall Performance.

As part of our pursuit of excellence, we emphasize quality management and use industry benchmarks. Our Marketing Manager plays a crucial role in managing client relationships and ensuring customer satisfaction, working closely with the project team to understand customer needs. This collaboration enables us to manage feedback effectively, enhance our services, and meet expectations.

We provide customer support platforms like our hotline and email for feedback and complaints. Discussions are held to explore solutions, and internal teams are assigned to address the root causes of dissatisfaction. Notably, most complaints are related to end product.

Customer Satisfaction Survey

We are delighted to announce that our average ESG performance score for 2023 has risen to 90%, showcasing a significant improvement from 80% in 2022. This upward trend reflects our commitment to addressing and resolving complaint cases, with a remarkable decrease of approximately 62.5% from 2021 to 2022, followed by a notable increase of about 183.3% from 2022 to 2023. This progress signifies our commitment to enhancing customer satisfaction and continuously striving for excellence in our products and services.

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Prioritizing Customer Satisfaction and Loyalty (Cont'd)

Customer Satisfaction Survey (Cont'd)



Illustration 1.6: The graph displays data for customer satisfaction in FY2021 and FY2022 from Zantat Perak Plants, Zantat KL Plant, Calrock, and Perak Quarry 1. For FY2023, the data has been restated to include all entities, now incorporating Zaneco.

Employee Development and Well-Being

At Zantat, our employees are central to our success and growth. We consider them our most valuable assets, and their contributions drive our achievements. We are committed to attracting, nurturing, and retaining high-performing individuals by providing a work environment that is both supportive and empowering. Moreover, we make significant investments in development programs to ensure our employees remain competitive, forward-thinking, and well-prepared for the future. This commitment reflects our belief that a skilled and motivated workforce is crucial for the ongoing prosperity of our organization.

Workforce Excellence: Nurturing Talent for Success

In the pursuit of workforce excellence, the organization is committed to upholding the highest standards in our human resources practices and management. Our Group Human Resources department operates under the guiding principles of honesty, integrity, and operational excellence. At the core of our talent management strategy is the ZHB's Talent Management strategy, which focuses on key areas critical for employee development:

- Talent Acquisition and Onboarding
- Performance Management and Compensation
- Upskilling and Reskilling
- Succession Planning

Implemented in 2023, this refreshed strategy underscores our commitment to nurturing talent by recognizing individual achievements, fostering agile leadership, designing targeted training programs, and encouraging continuous performance improvement. Through these efforts, we empower our employees to thrive, unlocking their full potential and contributing significantly to ZHB's ongoing success.

Bringing in New Talent and Welcoming Process

At Zantat, we know how crucial it is to attract and recruit talented individuals for our future growth. We follow strict guidelines and policies in our recruitment process, ensuring that we choose people based on their skills, experience, and suitability for the job, while also making sure they align with our values and vision.

Our commitment to fair and unbiased recruitment not only brings in skilled professionals but also helps build a positive reputation in the job market. This positive image not only attracts top talent but also improves our overall performance and strengthens customer loyalty. Our dedication to excellent recruitment practices positions Zantat as a preferred employer, setting the stage for a successful future.

The Group is strategically planning to bolster its workforce with fresh talent to support operational efficiency, foster company growth, and facilitate expansion following its IPO in March 2024. This initiative aligns with our commitment to sustainable practices by ensuring the cultivation of a diverse and skilled team capable of driving long-term success and positively impacting our environmental, social, and governance objectives.

Developing a Versatile Workforce for Success

(GRI 404-2)

Our aim is to foster a workforce that possesses the skills, adaptability, and agility needed to excel in the continually changing market landscape, encompassing technological advancements and emerging trends. To achieve this goal, we embrace the 70-20-10 learning model. This model emphasizes that 70% of talent development occurs through on-the-job training, 20% through developmental experiences like coaching and mentoring, and the remaining 10% through formal development activities. This holistic approach ensures that our employees receive comprehensive and practical learning experiences, empowering them to thrive in their roles and contribute significantly to the success of our organization.

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Employee Development and Well-Being (Cont'd)

Developing a Versatile Workforce for Success (Cont'd)

(GRI 404-2)

We are dedicated to bridging skill gaps and supporting the career development aspirations of our employees. To achieve this, we regularly assess their training needs through individual training needs analyses and ongoing reviews of the effectiveness of our existing training initiatives. By proactively identifying and addressing these needs, we empower our workforce to enhance their skills and capabilities, fostering both professional and personal growth within our organization.

In 2023, the Group continued to invest in the training and development of its employees. Using a mix of in-person and online methods, our diverse training programs aimed to enhance the skills and knowledge of our workforce:

Welcoming Everyone

New employees, whether in management, executive, or non-executive roles, receive a warm welcome through our corporate induction. This helps them understand their roles better.

Leadership Growth

Middle and senior managers benefit from leadership development programs, shaping them into effective leaders for our organization.

Job-Specific Learning

We offer upskilling programs with a focus on technical courses directly related to employees' job functions. This enhances their expertise in their roles.

Knowledge Webinars

Subject-matter experts and industry leaders lead webinars, providing valuable insights and sharing knowledge with our team.

Specialized Certifications

Our employees could build their capacity through professional certification programs, earning specialized qualifications.

Diverse In-House Programs

In-house programs cover IT, soft skills, and emotional intelligence, nurturing well-rounded competencies in our workforce.

Flexible Learning

Continuous learning opportunities are provided through our on-demand e-learning platform, allowing employees to access educational resources at their convenience.

Performance Management and Compensation

We are committed to our core principles of being focused on results, accountable, collaborative, and dedicated to shared success. These principles contribute to individual and team performance. To create a culture of high performance, we follow a systematic performance review process that includes Key Performance Indicators ("KPIs") for employees.

At the beginning of each year, we have conversations to set expectations and align goals. We also conduct year-end performance reviews, allowing employees to self-assess, provide feedback, discuss competencies, and receive coaching and support. This process ensures that employees can thrive and reach their full potential.

The Group recognize and celebrate exceptional achievements within peer groups. Individuals who show outstanding performance, deliver quality results, and exhibit exemplary behavior are acknowledged through bonuses and promotions. This recognition is our way of appreciating their dedication and contributions to our organization's success.

To create a motivating and supportive environment, we offer competitive benefits and compensation packages to attract and retain top talents. In 2023, we thoroughly reviewed our Group's salary and benefits packages to align them with prevailing market rates, ensuring that we remain a preferred employer of choice.

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Employee Development and Well-Being (Cont'd)

Performance Management and Compensation (Cont'd)

The following are amongst the benefits provided to our employees:

Leaves

Annual leave, sick or hospitalization leave, marriage leave, maternity and paternity leave, compassionate leave, unpaid leave, haji leave, and examination leave.

Medical

Insurance coverage, dental care, health screening, medical coverage, postnatal expenses

Others

Parking allowances, retirement benefits

Employee Engagement Initiatives

In 2023, we initiated several employee engagement initiatives to foster a sense of company and address employee concerns. Some of the engagement activities conducted during this period include:

Annual townhall with the CEO

Festive celebrations throughout the year

Sport activities such as bowling, futsal, and badminton

Company team building

Tree planting activities in collaboration with Majlis Perbandaran Batu Gajah

Recycling activities in collaboration with Buddhist Tzu Chi Merits Society Malaysia



Employee Training Hours

(GRI 404-1)

During 2023, we allocated a total of 5,320 hours towards training, making an investment of RM113,068.00 in both internal and external learning and development programs. The tables below encompass the Group's ABAC and OSH training details. For the specific training information on ABAC and OSH, please refer to the corresponding tables in the sustainability report.

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Employee Development and Well-Being (Cont'd)

Employee Training Hours (Cont'd)

(GRI 404-2)



Employee Category

Management / Senior Management
Executive / Middle Management
General Workers
Total

Total hours of training

2021	2022	2023
63	525	2274
70	518	1954
40	441	1092
173	1484	5320

Employee Category

Management / Senior Management
Executive / Middle Management
Non-executive/ Technical Staff / General Worker

Average training hours per employee

2021	2022	2023
49	67	47
18	68	43
0	28	16

Overall average training hours per employee (hours)

2021	2022	2023
60	118	24

Employee Retention and Erosion

We take pride in our highly engaged workforce, as evident from the long average tenure of our employees, which stands at approximately 8.5 years.

Total number of new hires

Employee Category

Total

2021	2022	2023
5	44	46

Total number of employee turnover

Employee Category

Total

2021	2022	2023
47	16	20

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Employee Development and Well-Being (Cont'd)

Employee Retention and Erosion (Cont'd)

In 2023, ZHB experienced a voluntary turnover rate of approximately 10%.

	2021	2022	2023
New hires rates (%)	2.35%	25.88%	23%
Turnover rates (%)	22.07%	9.41%	10%

Promoting Diversity, Equity, and Inclusion

(GRI 405-1, GRI 405-2)

At Zantat, we recognize that diversity, equity, and inclusion (“DEI”) are fundamental pillars for fostering a thriving workplace environment and driving sustainable business growth. Our commitment to DEI is deeply embedded in our corporate ethos and operational framework, ensuring that every individual, regardless of background or identity, has the opportunity to thrive and contribute to our success.

Equity and Fair Employment Practices

(GRI 401-1, GRI 401-2, GRI 103-1)

We uphold equity through robust policies and actions aimed at fostering fairness and inclusivity across all facets of our operations. Our updated Diversity, Equity, and Inclusion Policy underscores our dedication to cultivating a culture that celebrates diversity, advocates for equality, and supports individual growth and development. We ensure fair employment practices through regular assessments of our recruitment processes, eliminating bias, and promoting equal opportunities for all candidates.

Inclusivity and Accessibility

(GRI 203-2, GRI 405-2, GRI 406-1)

Inclusivity is paramount at Zantat, and we actively strive to create an accessible and supportive environment for employees with disabilities. From designated parking spots to ramps, we provide necessary accommodations to ensure that every member of our workforce can fully participate and contribute. Gender discrimination has no place within our organization, and we are committed to offering competitive wages, equitable career advancement opportunities, and impartial recognition and rewards based on merit.

Gender Equity and Representation

(GRI 405-1, GRI 405-2)

We are committed to fostering gender equity and diversity throughout our organization, beginning with our highest governing body, the Board of Directors. To formalize this commitment, we have established a Board Diversity Policy that outlines our dedication to ensuring equitable representation of women in operational leadership roles. This policy sets a minimum target of 19.64% for female representation on our Board of Directors.

This target reflects our recognition of the importance of diverse perspectives and experiences in driving strategic decision-making processes. By actively seeking to increase the presence of women on our Board, we aim to cultivate an inclusive environment where all voices are heard and valued.

Moreover, our commitment to gender equity extends beyond the Boardroom and permeates every level of our organization. We believe that fostering diversity and inclusion not only enriches our workplace culture but also enhances our ability to innovate, adapt, and thrive in an ever-evolving business landscape.

Through our Board Diversity Policy and ongoing initiatives, we remain steadfast in our efforts to create a more equitable and inclusive environment where everyone has the opportunity to contribute and succeed.

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

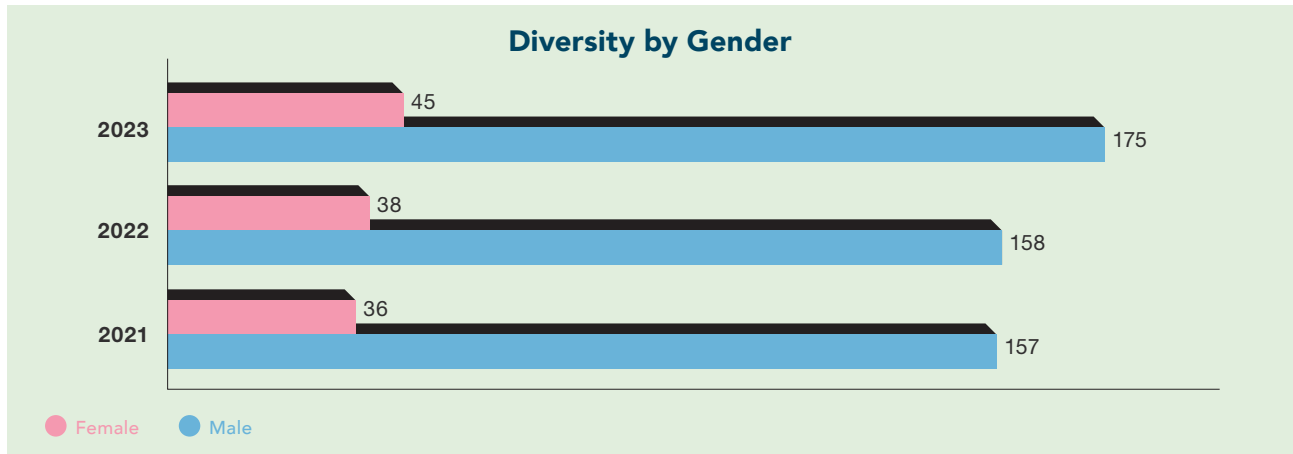
Promoting Diversity, Equity, and Inclusion (Cont'd)

(GRI 405-1, GRI 405-2)

Gender Equity and Representation (Cont'd)

(GRI 405-1, GRI 405-2)

In 2023, the Group implemented various initiatives to promote mutual respect and celebrate cultural diversity inclusive training courses and awareness programs, we strive to foster a workplace culture where every individual feels valued, respected, and empowered to contribute their unique perspectives and talents.



	2021	2022	2023
Age 18-30	57	53	62
Age 31-40	80	82	93
Age 41-50	30	33	38
Age 51 Above	26	28	27

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

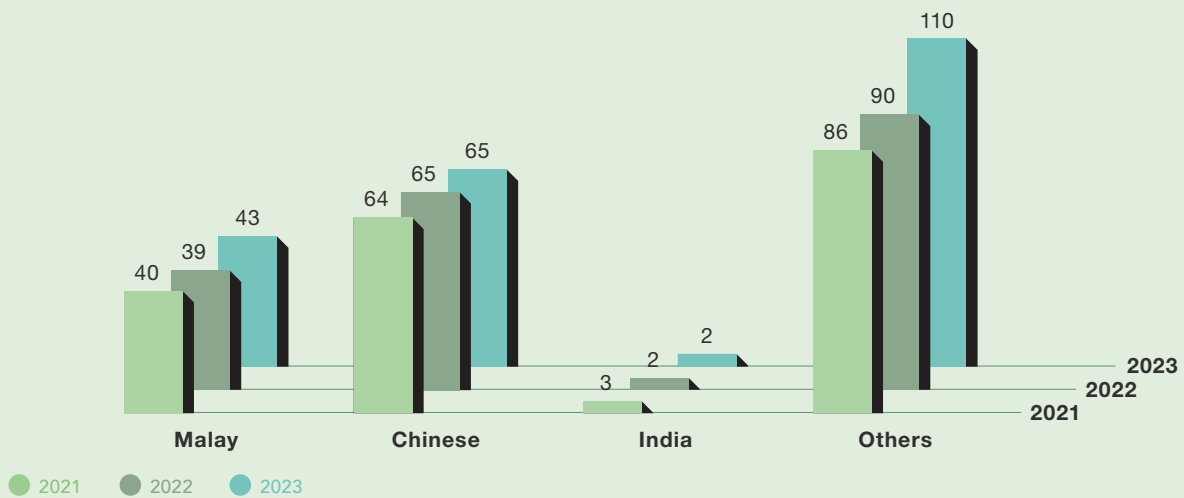
Promoting Diversity, Equity, and Inclusion (Cont'd)

(GRI 405-1, GRI 405-2)

Gender Equity and Representation (Cont'd)

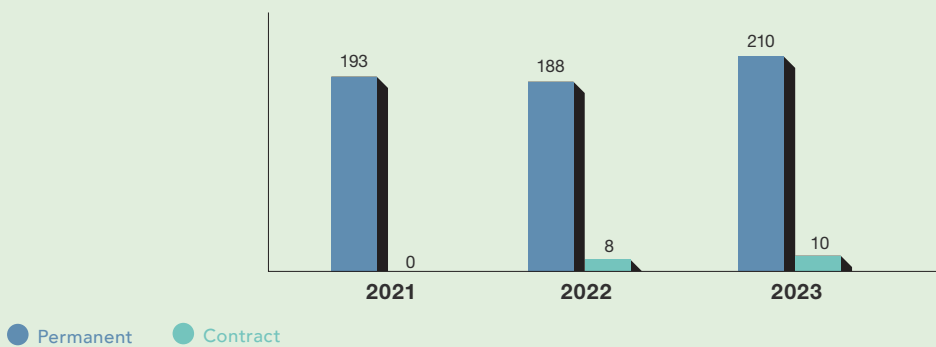
(GRI 405-1, GRI 405-2)

Ethnic Diversity



	2021	2022	2023
Malay	40	39	43
Chinese	64	65	65
Indian	3	2	2
Others	86	90	110

Total Permanent Employees and Fixed-Term Staff



	2021	2022	2023
Full time employee	193	188	210
Contract	0	8	10

SUSTAINABILITY REPORT (CONT'D)

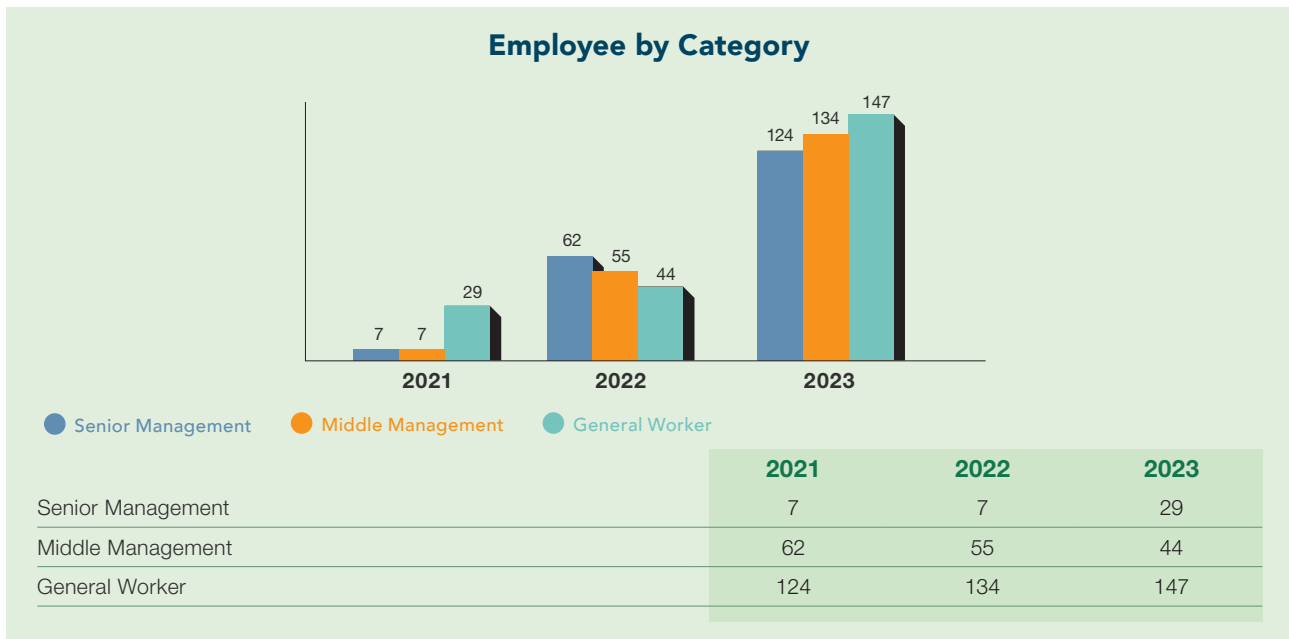
Social Sustainability (Cont'd)

Promoting Diversity, Equity, and Inclusion (Cont'd)

(GRI 405-1, GRI 405-2)

Gender Equity and Representation (Cont'd)

(GRI 405-1, GRI 405-2)



Community Investment

(GRI 205)

Zantat Sdn Bhd is dedicated to promoting sustainable and positive transformations in the communities where we are active. Our commitment to community investment, with a specific focus on cultural enrichment, reflects our understanding of the crucial role culture plays in building prosperous and harmonious societies.

Our ongoing dedication to supporting organizations that enhance cultural awareness and community engagement aligns with the Group’s attitude. The group cares about making communities better in a lasting way. We want to help by adding to the cultural life of the places where we work. We know that when people are involved in their culture, it helps society grow and stay together.

ZSB’s initiatives in the cultural sector, including financial support towards cultural community service and enrichment programs, mirror a broader commitment to sustainable practices and social responsibility. By investing in areas that promote cultural understanding and uplift underprivileged sections of society, ZSB aims to contribute to the cultural vibrancy and social cohesion of communities.

This table below summarizes the financial support provided by the company to cultural initiatives and identifies the beneficiaries of these contributions for the financial years 2021, 2022, and 2023:



SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Community Investment (Cont'd)

(GRI 205)

Fostering Community Prosperity: Zantat's Holistic Approach to Social Responsibility

At the core of Zantat's corporate philosophy lies a profound commitment to social responsibility that transcends conventional boundaries. We firmly believe that businesses have a unique responsibility to contribute positively to the communities in which they operate. Zantat's mission goes beyond profitability, emphasizing the creation of a symbiotic relationship between our operations and the well-being of the local communities of which we are an integral part.

Empowering Through Education and Social Welfare: A Vision of Transformation

In our pursuit of social responsibility, Zantat places strategic emphasis on education and social welfare initiatives as catalysts for transformative change. Education, for us, is not merely a conduit for knowledge transfer but a powerful force capable of uplifting individuals and communities. Through substantial investments in educational programs, scholarships, and skill development initiatives, Zantat actively contributes to shaping a high-quality talent pool. This commitment goes beyond immediate corporate gains; it plays a pivotal role in laying the groundwork for the sustainable growth of future generations.

Complementary to our educational endeavors, our social welfare programs reflect a nuanced understanding of critical societal needs. Addressing challenges in healthcare, housing, and community development, Zantat's initiatives are meticulously designed to effect meaningful and sustainable improvements in the lives of those we serve. By investing in these programs, Zantat aims not only to create a positive impact but to leave a lasting legacy on the well-being of individuals and the broader community.

Corporate Social Responsibility ("CSR") 2023

a. Sharing the Load, Easing the Steps

On 13 May 2023, a helping hand was extended to the community by contributing RM1,129.05 towards charitable endeavors. This donation was specifically allocated to provide essential groceries to individuals in need and to support efforts in cleaning up the area around Pusat Jagaan. By engaging in these philanthropic activities, the organization reaffirms its commitment to social responsibility and actively contributes to improving the well-being of the community.



b. Blood Donation Program: In Collaboration with HRPB & Aeon Mall Kinta City

On 3 June 2023, a collaborative effort with HRPB and Aeon Mall Kinta City was conducted to host the Blood Donation Program. This initiative aimed to foster community engagement and emphasize the importance of blood donation. The program received a generous contribution of RM1,592.55, demonstrating the collective commitment to supporting healthcare initiatives. The event provided a platform for individuals to contribute to the welfare of others by donating blood, highlighting the lifesaving impact of this simple act. Additionally, participants who donated blood were rewarded with a bag of goodies, serving as a token of appreciation for their altruism. Through this collaborative effort, the initiative underscores its dedication to social responsibility and encourages active involvement in initiatives that positively impact the community.



SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Community Investment (Cont'd)

(GRI 205)

Corporate Social Responsibility (“CSR”) 2023 (Cont'd)

c. Your Love Their Hope Charity Run & Carnival

On the 17th of June 2023, the “Your Love Their Hope Charity Run & Carnival” was sponsored with a generous contribution of RM5,000. This sponsorship reflects a commitment to supporting charitable initiatives aimed at making a positive impact in the community. The event, which combines a charity run and carnival, provides an opportunity for participants to contribute to a noble cause while enjoying fun-filled activities. The sponsorship demonstrates dedication to social responsibility and belief in the importance of giving back to society.



d. Groceries Donation and Clean-Up Drive at Persatuan Bagi Orang Buta Malaysia

On 2 September 2023, a demonstration of commitment to corporate social responsibility was made through a charitable contribution of RM1,174.80. This donation was directed towards providing essential groceries to those in need and assisting in the cleanup efforts at Persatuan Bagi Orang Buta Malaysia. By extending a helping hand to this community organization, the initiative aims to improve the quality of life for individuals in need and contribute to the upkeep of the surrounding environment. This aligns with the core values of compassion and environmental stewardship, showcasing dedication to making a positive impact in the communities served.



e. Contribution and Planting of Flower Trees

On 14 October 2023, a collaborative effort with Majlis Daerah Batu Gajah and the Bandar Pulai Jaya community was conducted to plant eight Bucita Batik trees in Bandar Pulai Jaya. These trees were chosen for their significance, likely related to cultural or environmental preservation. The initiative aimed to enhance the local environment and community spaces through collaboration between the corporate entity, local government, and community members. The program incurred a total cost of RM1,485.90, covering expenses for acquiring trees, preparing planting areas, and labor. Overall, the program demonstrates a commitment to positively impacting the environment and community in Bandar Pulai Jaya, with support from the local government and community participation.



SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Community Investment (Cont'd)

(GRI 205)

Corporate Social Responsibility ("CSR") 2023 (Cont'd)

f. Blood Donation Program 2.0 - In Collaboration with HRPB & Aeon Mall Kinta City

A blood donation program was organized, allowing individuals to contribute to saving lives. In collaboration with HRPB and Aeon Mall Kinta City, we facilitated the initiative. Participants who successfully donated blood were rewarded with a bag of goodies. The event, dated 25 November 2023, indicates a total expenditure of RM754.95, covering the costs associated with executing the program and providing incentives to blood donors.



g. Back-to-School 2.0

A compassionate initiative, the Back-to-School program, continued its commitment to supporting B40 students by providing school uniforms. Conducted on November 30, 2023, for the second consecutive year, the program reached 15 students from SJK (C) Phui Ying and another 15 students from SK Sungai Raia. The total expenditure for this philanthropic effort was RM2,911.40, reflecting the ongoing dedication to enhancing the educational experience for students in need. Beyond addressing practical needs, the program contributes to fostering a positive and inclusive educational environment for all beneficiaries.



Building Resilience Through Collaborative Initiatives: A Shared Journey Toward Prosperity

Zantat acknowledges the intricate interdependence between businesses and communities. Our community investment strategy transcends the conventional philanthropic approach; instead, we focus on initiatives that holistically enhance social well-being, foster economic development, and champion environmental sustainability. These initiatives are not only an expression of our commitment to community welfare but also a strategic move to fortify the foundation upon which both Zantat and the community thrive.

Our collaborative initiatives extend beyond financial contributions. Zantat actively forges partnerships with local organizations, government entities, and community leaders. These partnerships serve as conduits for understanding nuanced local needs and ensuring that our programs are not only well-intentioned but also deeply impactful. This collaborative approach fosters a sense of shared responsibility, propelling a mutual commitment to the prosperity and well-being of all stakeholders involved.

Key Pillars: Education, Social Welfare, Environmental Stewardship - A Triple Bottom Line Commitment

At the heart of Zantat's community prosperity endeavors are three key pillars: education, social welfare, and environmental stewardship. Education is the cornerstone of empowerment, unlocking the potential for individuals to reach their fullest capabilities. Our social welfare initiatives address immediate societal needs, laying a foundation for healthier, happier communities. Environmental stewardship reflects our dedication to sustainable practices, ensuring that our operations align with the principles of ecological responsibility.

SUSTAINABILITY REPORT (CONT'D)

Social Sustainability (Cont'd)

Community Investment (Cont'd)

(GRI 205)

Key Pillars: Education, Social Welfare, Environmental Stewardship - A Triple Bottom Line Commitment (Cont'd)

By strategically investing in these pillars, Zantat aspires to transcend the conventional bounds of corporate social responsibility. It's a genuine commitment to building a stronger, more resilient relationship that not only benefits our business but also contributes significantly to the well-being and prosperity of all stakeholders involved in our shared journey.

Zantat's Sustainability Commitment in a Nutshell

Zantat's sustainability commitment is rooted in fostering positive interactions between the company and the communities it serves. Embracing a holistic approach to social responsibility, Zantat actively engages in education and social welfare initiatives, aiming to empower individuals and uplift local communities. The company strategically invests in these areas, recognizing the interconnectedness of businesses and communities. Zantat's vision extends beyond traditional philanthropy, focusing on building resilience through collaborative initiatives that enhance social well-being, foster economic development, and champion environmental sustainability. The key pillars of education, social welfare, and environmental stewardship underscore Zantat's triple bottom line commitment, reflecting a genuine dedication to creating lasting positive impacts on both the business and the well-being of all stakeholders involved.



VALUE CREATION STRATEGIC REVIEW

Innovation and Stewardship for a Sustainable Future

At Zantat Holdings Berhad (“Zantat” or the “Group”), our aim is to create long-term value for all our stakeholders by embedding sustainability, innovation, and quality into the heart of our operations. The Group’s commitment to social responsibility, ethical practices, and community engagement is evident in its operations. By fostering a culture of integrity and transparency, Zantat builds trust and strengthens relationships with customers, employees, shareholders, and the communities in which we operate.

As a premier producer of calcium carbonate and a pioneer in the bioplastic compounding business, we are committed to advancing technologies and practices that meet the needs of today while preserving the potential for future generations.

Our strategic acquisitions, such as the integration of Zantat Sdn. Bhd., Calrock Sdn. Bhd., Zantat Light C.C. Sdn. Bhd., and Zaneco Sdn. Bhd., signify our commitment to expanding our market presence and enhancing our product offerings. These strategic moves, coupled with our focus on financial health, have positioned us for sustainable growth and profitability. We take pride in our financial stewardship, as evidenced by our prudent investment in high efficiency machine components and industrial automation, which underscores our dedication to operational excellence and cost efficiency.

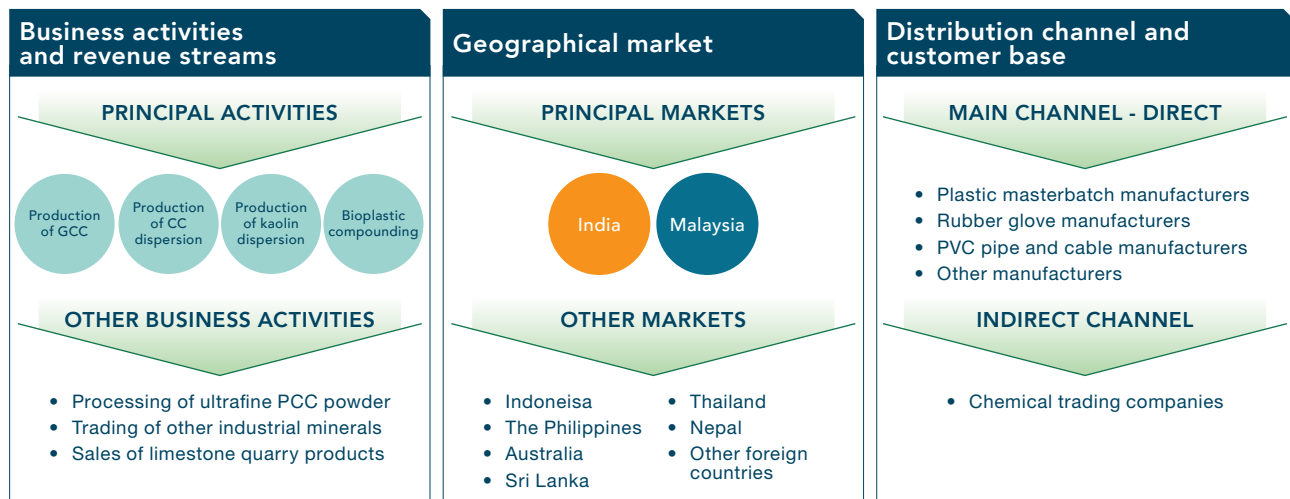
Sustainability is at the core of our business strategy. Our investment in a 1MW roof-top solar PV system at Zantat Perak Plant 1, and our plans to install a 1.3MW system at Zantat Perak Plant 2, are testament to our commitment to reducing our environmental impact and promoting renewable energy use. These initiatives have not only resulted in significant savings in electricity costs but also contributed to a reduction in greenhouse gas emissions, thereby supporting our sustainability goals.

The Group also has initiatives to promote efficient and sustainable use of raw materials. We actively research and promote the use of our ground calcium carbonate (“GCC”) as a filler to replace more costly, less environmentally friendly materials, in particular plastics.

Looking ahead, we will continue to focus on expanding our product portfolio, exploring new markets, and investing in sustainable and innovative technologies. Our initiatives, particularly in the area of bioplastics, reflect our commitment to sustainability and environmental stewardship. These efforts are aligned with national and global trends towards sustainability, demonstrating our role as a responsible corporate citizen in contributing to a greener future.

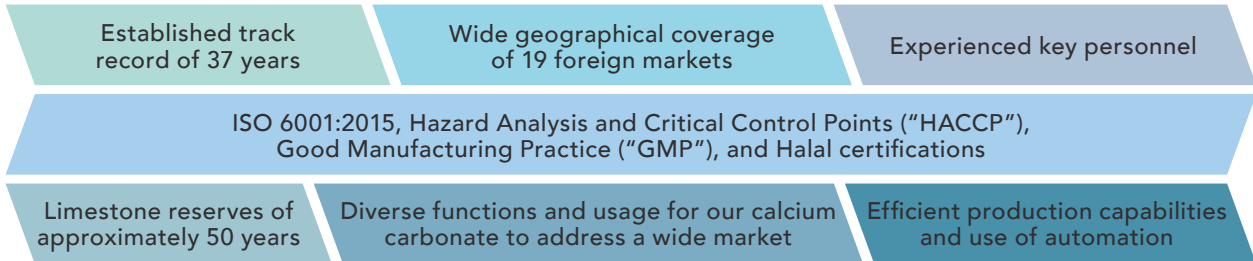
The Group remains committed to operational excellence, financial prudence, and stakeholder engagement as key drivers of long-term success and value creation.

Our Business Model



VALUE CREATION STRATEGIC REVIEW (CONT'D)

Our Competitive Strengths



Our Value Creation Model

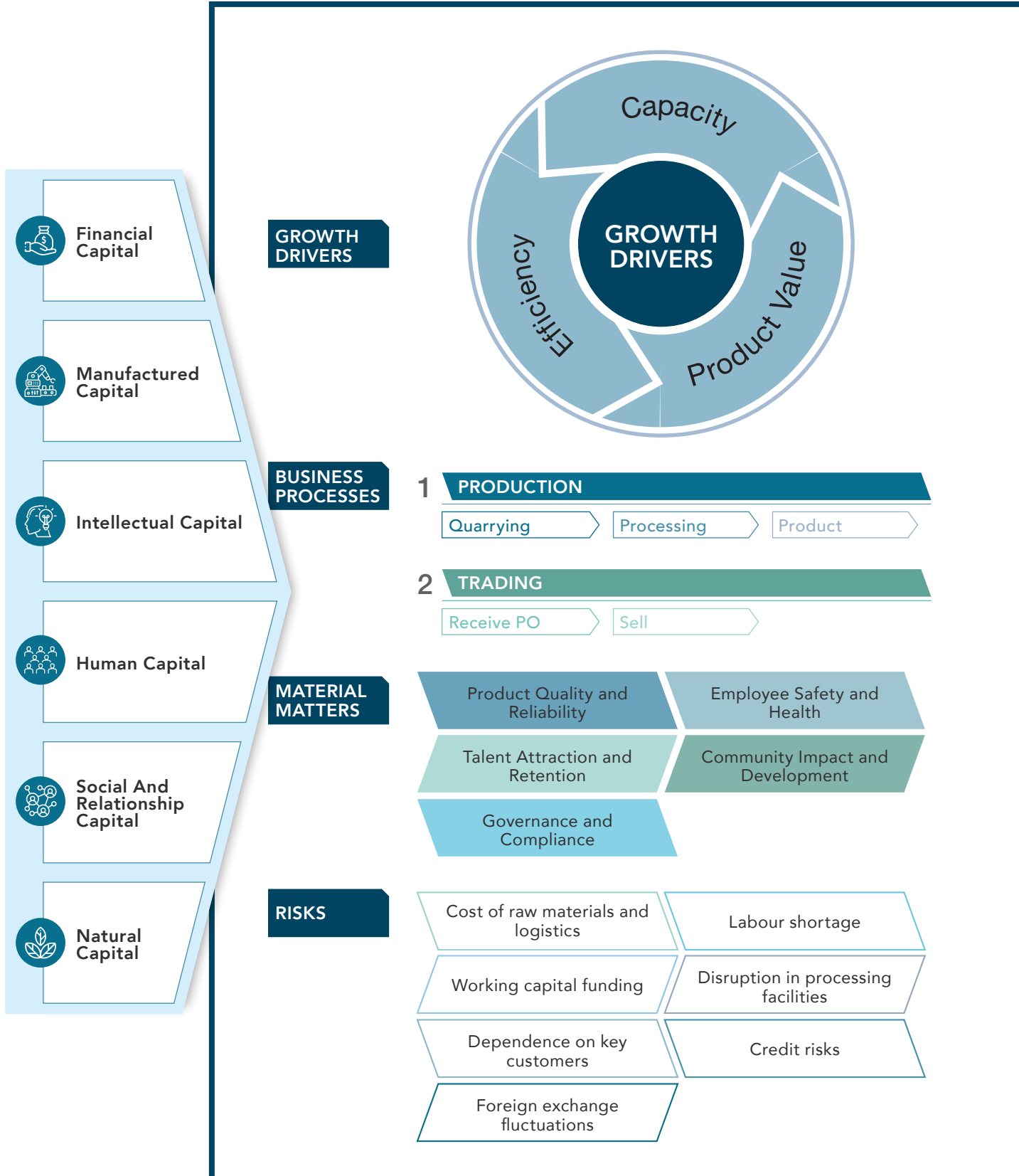
Zantat transforms our core activities and strategic initiatives into tangible and intangible benefits for our stakeholders through our business operations, leading to positive financial, social, and environmental outcomes.



VALUE CREATION STRATEGIC REVIEW (CONT'D)

INPUTS

PROCESSES



VALUE CREATION STRATEGIC REVIEW (CONT'D)

OUTPUTS

FINANCIAL CAPITAL

- Revenue: RM122,795,624
- Net profit: RM6,768,963

MANUFACTURED CAPITAL

- Output of approximately 237,000 MT of calcium carbonate

INTELLECTUAL CAPITAL

- ISO 9001: 2015 certification
- HACCP certification
- Halal certification

HUMAN CAPITAL

- During 2023, we allocated a total of 5,320 hours towards training, making an investment of RM113,068.00 in both internal and external learning and development programmes.

SOCIAL AND RELATIONSHIP CAPITAL

- 92.83% of locally sources materials
- Net income tax paid in FY2023: RM1,232,024

NATURAL CAPITAL

- Recycled metal waste of 30.5MT in FY2023
- All water used in production is treated – zero discharge of wastewater

OUTCOMES



CUSTOMER

- Strong relationships to meet their requirements
- Expansion of our customer base leveraging our good reputation
- New contracts secured



INVESTORS/ SHAREHOLDERS

- Building relationships with our shareholders
- Creating long term value



SUPPLIERS AND VENDORS

- Growing our supply chain to include more local suppliers
- Building trust for long term relationships



GOVERNMENT AND REGULATORS

- Continued contribution to the economy
- Support of policies
- Strong corporate governance



SENIOR MANAGEMENT

- Meeting strategic goals
- Continuous process improvement
- Producing quality products



EMPLOYEES

- Providing a safe and conducive working environment that meets standards
- Ensuring their needs are met by providing accommodation
- Attracting and retaining talent
- Ensuring skills development to meet the latest industry requirements



LOCAL COMMUNITIES

- Sustained employment
- Minimising waste and emissions
- Supporting environmental policies through bioplastics

VALUE CREATION STRATEGIC REVIEW (CONT'D)

Strategic Priorities for Enhanced Value Creation

Expand Renewable Energy Investments

Further invest in renewable energy to reduce operational costs and environmental impact.

Accelerate Bioplastic R&D

Enhance focus on bioplastic compound development to capture emerging market opportunities.

Strengthen Market Position




Leverage strategic partnerships and marketing strategies to expand in key markets.

Commit to Sustainability

Continue to integrate sustainability into business practices and actively participate in community development.




Stakeholder Engagement

This inclusive process is essential for identifying diverse stakeholder needs, expectations, and perceptions, thereby aligning the Group's strategic objectives with broader societal and environmental considerations.

Stakeholder	Why We Engage Them	How We Engage Them	How We Address Their Expectations
 <p>Customers</p>	<p>The customer is our primary focus for our business segments. Their satisfaction is a key driver for the sustainable growth of our organisation. By understanding their needs, in the context of current market trends and other external factors, we can offer products with greater value.</p>	<ul style="list-style-type: none"> • Feedback channels • Regular meetings between customers and sales and/or technical personnel 	<ul style="list-style-type: none"> • Implementing their input into our processes, where viable, after consideration Their input is raised to management for consideration and potential implementation into our processes.
 <p>Investors/ shareholders</p>	<p>Our investors and shareholders are central to our capital base.</p>	<ul style="list-style-type: none"> • Analyst briefings • Annual/Extraordinary General Meetings • Road shows • Bursa Malaysia announcements • Media 	<ul style="list-style-type: none"> • Adopting integrated reporting for communication of our company goals, strategic direction, sustainability efforts and governance policies, with a focus on long-term value creation • Engaging an Investor Relations team to manage communications
 <p>Suppliers and Vendors</p>	<p>Our suppliers and vendors are essential to the continuity of our operations for sourcing of materials, services etc.</p>	<ul style="list-style-type: none"> • Regular supplier and vendor meetings • Site visits 	<ul style="list-style-type: none"> • Regular meetings with suppliers enable effective production planning and cost efficiency • Periodic reviews ensure timely delivery and better quality

VALUE CREATION STRATEGIC REVIEW (CONT'D)

Stakeholder Engagement (Cont'd)

Stakeholder	Why We Engage Them	How We Engage Them	How We Address Their Expectations
 <p>Government and regulatory authorities</p>	<p>Engaging with governmental and regulatory authorities helps us to drive compliance and formulate strategies that serve our business objectives.</p>	<ul style="list-style-type: none"> • Meetings and consultations • Site visits and audits 	<ul style="list-style-type: none"> • Consistently staying abreast of legal and regulatory changes through an internal team and the engagement of external advisors • Contributing to the Malaysian economy through taxes and employer contributions
 <p>Senior Management</p>	<p>Our Senior Management team are the key decision makers, determining the organisation's goals and formulating strategies</p>	<ul style="list-style-type: none"> • Regular meetings with management teams of our segments • Periodic reports on performance, KPIs and etc 	<ul style="list-style-type: none"> • Aligning the Group's performance with the overall strategies and goals of the organisation
 <p>Local communities</p>	<p>The community surrounding our manufacturing facilities are directly impacted through employment by the Group.</p>	<ul style="list-style-type: none"> • Members of the communities can contact the Group directly via phone or email 	<ul style="list-style-type: none"> • Enhancing our understanding of their needs • Improving our sustainability initiatives • Engaging their input on business matters involving the surrounding environment

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Zantat Holdings Berhad (“Zantat” or “the Company”) was listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 27 March 2024. The objective of this Corporate Governance Overview Statement (“CG Statement”) is to provide an overview of the application of the corporate governance practices of the Company during the financial year ended 31 December 2023 (“FYE 2023”) in accordance with the Malaysian Code on Corporate Governance (“MCCG”).

This CG Statement is made pursuant to Rule 15.25(1) of ACE Market Listing Requirements (“ACE LR”) of Bursa Securities and guidance was drawn from Guidance Note 11 of Bursa Securities’ ACE LR and the Corporate Governance Guide (4th Edition) issued by Bursa Securities with reference to the following three (3) key principles under the leadership of the Board:

Principle A	Principle B	Principle C
Board leadership and effectiveness	Effective audit and risk management	Integrity in corporate reporting and meaningful relationships with stakeholders
<ul style="list-style-type: none"> Board responsibilities Board composition Remuneration 	<ul style="list-style-type: none"> Audit Committee Risk management and internal control 	<ul style="list-style-type: none"> Engagement with stakeholders Conduct of general meetings

This CG Statement is to be read together with the CG Report 2023 (“CG Report”) of the Company which is available at <https://www.zantat.com.my>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities

The Board of Directors (“the Board”) is entrusted to oversee the overall management of the business affairs of the Group, determine all major policies, ensure effective strategies and management are in place, assess the performance of the Group and the management team, and review the systems of risk management and internal control of the Group. When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinize the management performance by providing independent views and advice in the interests of the shareholders at large.

To ensure effective discharge of their function and responsibilities, the Board has defined and collectively reviewed and approved the roles and responsibilities as well as the schedule of reserved matters in the Board Charter. In order to assist the Board in the oversight function on specific responsibility areas, the Board has established three (3) Board Committees, namely:

- (i) Audit and Risk Management Committee (“ARMC”)
- (ii) Nominating Committee (“NC”)
- (iii) Remuneration Committee (“RC”)

Governed by their respective Terms of References, the Chairman of the respective Board Committees shall report to the Board on their meeting proceedings and deliberations as well as make recommendations to the Board on the matters under their purview. The Board ensure all Directors have unrestricted access to the advice and services of Senior Management and Company Secretaries and may obtain independent professional advice at the Company’s expense in order to discharge their duties effectively.

The Chairman instils good governance practices, leadership and effectiveness in the Board through chairing of board meetings and deliberating together with the Board members on board matters and policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.0 Board Responsibilities (Cont'd)

The positions of the Chairman and Managing Director are held by two (2) different individuals to promote accountability and facilitate the division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making. Generally, the Chairman would lead the Board in its collective oversight of management, while the Managing Director focuses on the business and day-to-day management of the Company. The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

The Board is supported by two (2) professional Company Secretaries (outsourced) who carry out the responsibilities of the company secretarial function for the Group. Both Company Secretaries have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. The Company Secretaries assist the Board in discharging its duties in regard to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

The Board had reviewed and approved:

- 1) The initial listing application and submission for the proposed listing of and quotation on the ACE Market of Bursa Securities;
- 2) The following corporate governance statements:
 - Anti-Bribery & Corruption Policy
 - Board Charter
 - Code of Conduct & Ethics
 - Corporate Disclosure Policy and Procedures
 - Fit & Proper Policy
 - Remuneration Policy
 - Sustainability Policy
 - ARMC, NC and RC Terms of Reference
 - Whistleblowing Policy
- 3) ARMC's Report on audit review memorandum for FYE 2023;
- 4) Quarterly results for the financial period 31 December 2023;
- 5) Corporate Calendar for the year 2024; and
- 6) ARMC's Report on Internal Audit Plan for FY2024-FY2026

The Board had established the Anti-Bribery and Corruption Policy in keeping with the commitment set forth to prevent bribery and corruption. Zantat takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and integrity in all business dealings and relationships wherever the Group operates and expects the individuals and organization the Group works with to uphold and adopt the same approach.

As an additional measure to safeguard the integrity of the Group, the Board has defined its Whistleblowing Policy to provide guidance for stakeholders to report genuine concerns of any possible improprieties pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group. In addition, the Board has also defined its Code of Conduct and Ethics which serves as a tool for the Board to convey and instill its values into the organization.

The Board Charter, Terms of Reference of the Board Committees, Director's Fit and Proper Policy, Anti-Bribery and Corruption Policy, Whistleblowing Policy, Remuneration Policy, Sustainability Policy and Code of Conduct and Ethics are also available on the Company's website at <https://zantat.com.my/corporate-governance.php>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.0 Board Composition

The appointment of Board is based on objective criteria, merit and with due regards for diversity in skills, experience, age and gender. When considering the appointment of directors, the Nominating Committee will be guided by the Fit & Proper Policy and consider the following attributes in the recruitment and screening process:

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity;
- Boardroom diversity including gender diversity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors.

The Board presently has 7 members, comprising 1 Non-Independent Non-Executive Director, 2 Executive Directors and 4 Independent Non-Executive Directors, which fulfils the prescribed requirement of 1/3 of the Board to be independent as stated in Rule 15.02(1) of the ACE LR of Bursa Securities. The profiles of the individual Directors are set out in the Directors' Profile of this Annual Report.

The presence of Independent Non-Executive Directors from various fields are invaluable assets to the Company and fulfil the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advices and judgements to take into account the interests of the Group and stakeholders.

The Board understands that quality of information affects the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will be distributed to the Directors in order to provide ample time for review beforehand. Notice of Board meetings are usually issued at least five (5) working days prior to the meeting. Upon conclusion of meeting, the Company Secretary will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes is circulated to the Board members before the next meetings.

During the FYE 2023, one (1) Board meeting was held and all Directors were in attendance.

Director	Designation	Attendance
Yap Yoon Kong	Independent Non-Executive Chairman	1/1
Chan Hup Ooi	Non-Independent Non-Executive Deputy Chairman	1/1
Chan Bin Iuan	Managing Director	1/1
Chan Jee Chet	Executive Director	1/1
Poo Lap Tuck	Independent Non-Executive Director	1/1
Dr Gan Seng Kian	Independent Non-Executive Director	1/1
Rima Ramona Binti Muhammad Arif	Independent Non-Executive Director	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.0 Board Composition (Cont'd)

The Directors were encouraged and afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes throughout the financial year. All Directors of the Company have completed the Mandatory Accreditation Programme as required by the ACE LR. Details of the training programmes attended/participated by the Directors are as follows:

Director	Programme	Date
YAP YOON KONG		
	2023 Budget Seminar by MIA	6 April 2023
	Embracing Sustainability in Construction and Real Estate by The Edge	23 June 2023
	BDO Tax Webinar: Transfer Pricing Rules 2023 and Special Voluntary Disclosure Programme/Voluntary Disclosure Programme 2.0	13 July 2023
CHAN HUP OOI		
	Mandatory Accreditation Programme by Bursa Malaysia	30 – 31 January 2024
CHAN BIN IUAN		
	Mandatory Accreditation Programme by Bursa Malaysia	30 – 31 January 2024
CHAN JEE CHET		
	Mandatory Accreditation Programme by Bursa Malaysia	30 – 31 January 2024
POO LAP TUCK		
	Mandatory Accreditation Programme by Bursa Malaysia	30 – 31 January 2024
DR GAN SENG KIAN		
	Mandatory Accreditation Programme by Bursa Malaysia	30 – 31 January 2024
RIMA RAMONA BINTI MUHAMMAD ARIF		
	Mandatory Accreditation Programme by Bursa Malaysia	30 – 31 January 2024

Nominating Committee Statement

During the FYE 2023, the NC comprised of three (3) Independent Non-Executive Directors as follows:

Name	Designation	Directorship
Dr Gan Seng Kian	Chairman	Independent Non-Executive Director
Poo Lap Tuck	Member	Independent Non-Executive Director
Rima Ramona Binti Muhammad Arif	Member	Independent Non-Executive Director

As stated in the Terms of Reference of the NC, one of the duties of NC is to properly document all assessments and evaluations and report to the Board all the results of the assessments and evaluations on an annual basis. The Board acknowledges the requirement to perform the assessment and this will be conducted in the coming year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3.0 Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC oversees the remuneration of Directors. The remuneration for Directors is in line with the Board's aim to retain, attract and reward talent based on industry benchmarks.

The remuneration packages for Executive Directors are reviewed by the RC and recommended to the Board for approval. It is then decided by the Board without the respective Executive Directors' participation in determining their remuneration.

The remuneration details of the individual Directors for FYE 2023 are disclosed in Practice 8.1 of the CG Report. Similarly, the Board also disclosed on a named basis the Senior Management remuneration in bands of RM50,000 in Practice 8.2 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Audit and Risk Management Committee

The members of ARMC comprise of all Independent Non-Executive Directors. The Chairman of the ARMC is distinct from the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the ARMC's findings and recommendations. The current ARMC composition meets the requirements of Rule 15.09 of ACE LR where the ARMC Chairman, Mr Poo Lap Tuck is a Chartered Accountant of the Association of Chartered Certified Accountants (since 1987) and a member of the Malaysian Institute of Accountants (since 1988). The present composition of the ARMC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

None of the members of the ARMC are former audit partners of the current external audit firm of the Group. As stated in the Terms of Reference of the ARMC, the Committee is mindful of the minimum three (3) years cooling off period best practice under the MCCG when considering the appointment of former key audit partner from its current external audit firm to ensure that the review of the Group's financial statements and the performance and independence of the External Auditors are being done objectively by the Committee.

During the first ARMC meeting, the ARMC had reviewed and deliberated with the External Auditors on their audit review memorandum, covering the key audit findings arising from the audit of the financial statement for the FYE 2023. The ARMC also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit services to the Group presently.

Full details of the ARMC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at <https://zantat.com.my/corporate-governance.php> and the detailed disclosure on the role and activities undertaken by the ARMC during the financial year is provided in the ARMC Report of this Annual Report.

2.0 Risk Management and Internal Control Framework

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.0 Risk Management and Internal Control Framework (Cont'd)

The Board is supported by the ARMC which reports to the Board regarding the Group's risk exposures, including a review of risk assessment model used to monitor the risk exposures and the Management's view on the acceptable and appropriate level of risks faced by the Group. The ARMC will continue to evaluate, review and monitor the Group's risk management framework and activities on on-going basis to identify, assess and monitor the key business risks of the Company to safeguard shareholders' investment and Company's assets.

In preparation for the Listing, the Company had engaged Sterling Business Alignment Consulting Sdn Bhd, an independent professional consulting company, which is independent of the activities and operations of the Group as its Internal Control Review Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group. Subsequent to the Listing, the Group has engaged YC Consultancy, an independent professional consulting company, to provide the internal audit services for the Group commencing 2024.

The process of the risk management and internal control are ongoing, which are undertaken by each department within the Company. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

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

1.0 Engagement with stakeholders

The Board is committed to ensure effective, transparent and timely communication with the stakeholders. Shareholders and other stakeholders are kept informed of the latest developments of the Group via announcements to Bursa Securities, annual reports, quarterly financial results, circulars to shareholders and press releases.

In addition, the Company maintains a corporate website at <https://ir2.chartnexus.com/zantat/ir-homepage.php> to promote accessibility of information to the Group's diverse stakeholder groups. The Board ensures that the website is regularly updated with recent announcements, past and current reports to shareholders as well as news and press releases pertaining to the Group. Any comments, queries and suggestions can be directed to a designated e-mail address, namely zantat@zantat.com.my

Zantat has adopted integrated reporting based on a globally recognised framework with a view of helping our stakeholders understand how Zantat creates value and to promote greater transparency and accountability on the part of the Company, in line with the MCCG. The Zantat Integrated Annual Report 2023 is our first integrated report that is prepared based on the <IR> Framework 2021 as developed by the International Integrating Reporting Council (IIRC).

2.0 Conduct of General Meetings

The AGM serves as the primary platform for shareholders to engage the Board and Senior Management in a productive two-way dialogue. Shareholders are accorded with the opportunity to put forward questions and seek clarifications on the broad areas of the Group's performance, business activities and outlook during a Question & Answer session held during the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.0 Conduct of General Meetings (Cont'd)

Zantat was listed on 27 March 2024 and the AGM is scheduled to be held on 25 June 2024. The Company is mindful of the requirements to ensure the notice of the upcoming AGM will be issued to the shareholders at least 28 days. All Directors will also attend the upcoming AGM and ensure that the AGM supports meaningful engagement between the Board, senior management and shareholders. The minutes of the general meeting will be made available to shareholders no later than 30 business days after the general meeting.

COMPLIANCE WITH MCCG

The Board is satisfied that during the FYE 2023, the Company has substantially complied with the best practices of the MCCG on the application of the principles and best practices in corporate governance.

This CG Statement was approved by the Board on 22 April 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. Membership and Meetings

The Audit and Risk Management Committee (“ARMC”) comprises of three (3) members of which all are Independent Non-Executive Directors, in compliance with Rule 15.09 of the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

In view that the Company was listed on 27 March 2024, the ARMC only met twice thus far. The members of the ARMC and detail of their attendance are as follows:

Name	Designation	Number of meeting(s) attended
Poo Lap Tuck ^	Chairman	2/2
Dr Gan Seng Kian	Member	2/2
Rima Ramona Binti Muhammad Arif	Member	2/2

^ Member of the Malaysian Institute of Accountants

Other Executive Board members and senior management staff attended the ARMC meeting by invitation of the ARMC Chairman. The representatives of external auditors were also present during deliberations on the subjects which required their input and advice as and when required.

2. Terms of Reference

The Terms of Reference (“TOR”) of the ARMC are aligned with the ACE LR of Bursa Securities and recommendations of the Malaysian Code on Corporate Governance revised in 2021. The TOR was adopted on 29 May 2023. The TOR is available at <https://zantat.com.my/corporate-governance.php>.

3. Summary of activities

The ARMC carried out the following activities and discharged its duties and responsibilities to the best of their abilities in accordance with its’ TOR. The summary of the ARMC meetings held was as follows:

Date of Meeting	Subject matters
15 March 2024	Review of Fourth Quarter Results ended 31 December 2023 Audit Review Memorandum for the FYE 31 December 2023
22 April 2024	Review of Audited Financial Statements for FYE 31 December 2023 Internal Audit Plan for FY2024-FY2026 Review of ARMC Report and SORMIC Circular on New Shareholders’ Mandate for RRPT

1. Financial Reporting

- a) The ARMC had reviewed and ensured that the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standards and Appendix 9B of the AMLR and recommended the same for our Board’s approval.
- b) The ARMC had reviewed and made recommendations to the Board in respect of the annual Audited Financial Statements of the Company and the Group for the FYE 31 December 2023 to ensure that it presented a true and fair view of the Company’s financial position and performance for the year and in compliance with all the regulatory requirements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. Summary of activities (Cont'd)

2. Annual Reporting

The ARMC will undertake the review of the ARMC Report and Statement on Risk Management & Internal Control to ensure adherence to legal and regulatory reporting requirements and recommend them to the Board for approval.

3. External Audit

- a) On 15 March 2024, the ARMC had reviewed the Audit Review Memorandum for the FYE 31 December 2023 presented by Crowe Malaysia PLT ("Crowe").
- b) The ARMC had reviewed the Audited Financial Statements for FYE 31 December 2023 with Crowe at the meeting held on 22 April 2024.

4. Internal Audit

The ARMC had on 22 April 2024 approved the appointment of YC Consultancy as the outsourced Internal Auditors, who then presented the Internal Audit Plan for 2024 to 2026.

5. Related Party Transactions

The ARMC had reviewed the Recurrent Related Party Transactions ("RRPTs") of the Group and ensured that these transactions are carried out at arm's length, on terms that are not detrimental to the Group and in the best interest of the Group.

4.0 Internal Audit Function

In preparation for the Listing, the Company had engaged Sterling Business Alignment Consulting Sdn Bhd, an independent professional consulting company, which is independent of the activities and operations of the Group as its Internal Control Review Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group. Subsequent to the Listing, the Group has engaged YC Consultancy, an independent professional consulting company, to provide the internal audit services for the Group commencing 2024.

The process of the risk management and internal control are ongoing, which are undertaken by each department within the Company. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of Zantat Holdings Berhad (“Zantat” or the “Group”) present herewith, the Statement on Risk Management and Internal Control of the Group which outlines the nature and scope of risk management and the internal control systems for the financial year ended 31 December 2023 (“FY2023”). This statement is issued in compliance with Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Malaysian Code on Corporate Governance (“MCCG”) with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system to safeguard the Group’s assets and the interests of diverse stakeholders. This includes formulating the Group’s overall strategy, establishing performance objectives, and overseeing human capital strategies and practices. The Board is also responsible for governance, accountability and risk management through the implementation of robust corporate governance and ensuring accountability systems function effectively. They are instrumental in identifying key business risks, setting risk appetite, and establishing a sound framework to manage both financial and non-financial risks. Above all, the Board bears the responsibility of identifying principal risks and ensuring the implementation of suitable internal controls and mitigation measures. Their duties include comprehending the primary risks associated with the Group’s businesses, monitoring operational, financial, and risk management processes, and ensuring the establishment of effective internal control procedures that are maintained effectively.

The Board has established an Audit and Risk Management Committee (“ARMC”) to ensure independent oversight of the framework and system. The ARMC is tasked with supporting the Board in carrying out its responsibilities related to overseeing the Group’s accounting and financial reporting matters. This committee systematically assesses and reports on the sufficiency of the internal audit’s scope, function, competency, and resources, along with reviewing the internal audit plan, processes, and assessment outcomes. Additionally, the committee is responsible for overseeing and endorsing risk management policies and procedures, evaluating the principal risks faced by the Group, and ensuring the implementation of an effective risk management framework and policies to address these risks.

MANAGEMENT RESPONSIBILITY

Management is responsible for establishing and implementing procedures to identify, evaluate, monitor, and report risks and internal controls. This includes taking necessary and timely corrective actions as required. Furthermore, management is tasked with providing assurance to the Board that these processes have been effectively executed. To accomplish this, distinct roles within the Group are assigned to handle the preparation, dissemination, and monitoring of information. The Group also conducts internal audits to maintain rigorous scrutiny and objectivity in the monitoring process. These collaborative teams strive to ensure that information pertaining to the Group’s operations, financial performance, and strategic initiatives is accurately and promptly communicated to stakeholders. Simultaneously, they uphold compliance with regulatory requirements and adhere to best practices in corporate governance.

Reporting Structure

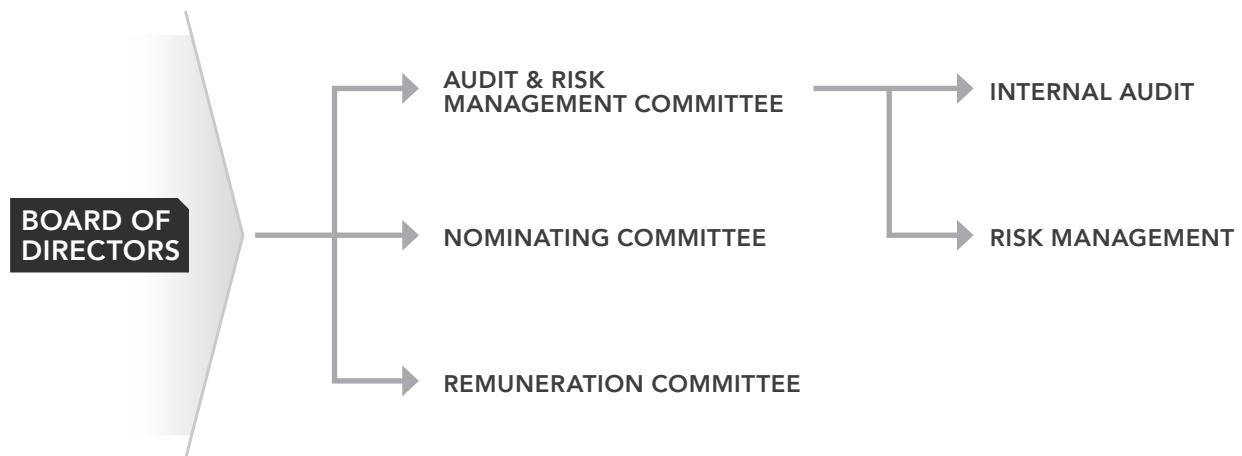
The reporting framework comprises the Board, bolstered by essential committees such as the ARMC, Nominating Committee, and Remuneration Committee. These committees play pivotal roles in evaluating board composition, appointments, retirement, re-election, succession planning, annual performance assessment, as well as training and development. This structured arrangement ensures a distinct delineation of responsibilities and oversight at different governance levels, emphasising risk management and internal controls. The overarching objective is to safeguard shareholders’ investments and the Company’s assets, promoting effective governance and accountability.

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

MANAGEMENT RESPONSIBILITY (CONT'D)

Reporting Structure (Cont'd)

Additionally, the ARMC is also responsible in assisting the Board meet its oversight obligation of the Group's accounting and financial reporting matters. The committee oversees the planning, process and results of the internal audit and reports to the Board on its adequacy. The ARMC oversees and recommends risk management policies and procedures, reviews key Group risks, and implements mitigation strategies.



RISK MANAGEMENT

The Board regards Risk Management as an integral part of the Group's business operations and is committed to review the Risk Management policy annually. The Board is cognisant that all areas of the Group's activities involve inherent risk and recognises that business decisions encompass acceptance of appropriate levels of risks with the ultimate objective of balancing risks involved with potential returns to shareholders. The Board is assisted by the ARMC in the oversight of overall risk management and internal control system of the Group. We have embedded the sustainability standards outlined in Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and the Global Reporting Initiative ("GRI") standards in our Risk Management framework. These standards serve as a framework for meaningful reporting on the company's Environmental, Social, and Governance ("ESG") matters.

Risk Management Process

The Group employs a comprehensive risk management framework to proactively identify and address risks throughout its operations. This framework involves ongoing risk assessment, including identifying potential risk types, evaluating their impact, and implementing mitigation or transfer strategies. By integrating risk management into its strategic decision-making, the group ensures informed and resilient business operations. The Group primarily aims to mitigate unforeseen performance fluctuations and optimise the inherent value of the organisation enhancing the decision-making capabilities of both the board and management.

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

RISK MANAGEMENT (CONT'D)

Risk Management Process (Cont'd)

Our Risk Management Framework is reflected below:



KEY RISKS AND MITIGATION STRATEGIES

During FY2023, the Group's operations were influenced by various risk factors. The following risks were identified as most prevalent and corresponding mitigation strategies undertaken are also presented below:

RISK FACTOR: BUSINESS AND OPERATIONS

Risk Description	Mitigation Plan
<i>Dependence on customers from India</i>	<ul style="list-style-type: none"> • Diversifying customer base
<i>High dependence on top two major customers – Alok Group and Sonali Group</i>	<ul style="list-style-type: none"> • Diversifying customer base • Moving up the value chain by developing higher value products and exploring downstream expansion opportunities
<i>Credit risk</i>	<ul style="list-style-type: none"> • Diversifying customer base • Implementing strict credit control measures
<i>Interest Rate Risk</i>	<ul style="list-style-type: none"> • Close monitoring of our financial position to maintain liquidity • Maintaining a balanced mix of fixed and variable rate borrowings • Ensuring financial stability amid market fluctuations
<i>Exposure to increases in logistics and raw materials costs</i>	<ul style="list-style-type: none"> • Pass on some of the increase in cost by increasing selling price for export customers and Malaysian customers (when crude palm oil prices rise). • Periodic review for pricing of products. • Close monitoring of the price of raw materials and logistics to minimise exposure to price increases.
<i>Dependence on management team for the Group's continued success and operations</i>	<ul style="list-style-type: none"> • Install measures for orderly succession planning for Board and senior management • Measures include best fit in appointment, training, fixing compensation and replacing senior management.

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

KEY RISKS AND MITIGATION STRATEGIES (CONT'D)

RISK FACTOR: BUSINESS AND OPERATIONS (CONT'D)

Risk Description	Mitigation Plan
<i>Labour shortage for production operations</i>	<ul style="list-style-type: none"> Investment in higher efficiency machine components and industrial automation Recruitment and retention of local employees by offering competitive remuneration and training
<i>Impact of foreign exchange fluctuations</i>	<ul style="list-style-type: none"> Maintain bank accounts mainly in RM and USD to provide natural hedge against fluctuations in exchange rates and reduce exposure to forex risks

RISK FACTOR: INDUSTRY RISKS

Risk Description	Mitigation Plan
<i>Dependence on the demand and performance of the user-industries</i>	<ul style="list-style-type: none"> Monitor the political, economic and regulatory environment for potential changes in demand.
<i>Competition from other suppliers of calcium carbonate products</i>	<ul style="list-style-type: none"> Diversifying customer base Moving up the value chain by developing higher value products and exploring downstream expansion opportunities

INTERNAL CONTROLS

The Group adheres to a robust framework for internal controls, underpinned by a foundation of strong governance practices. This includes clearly defined responsibilities for all levels of the organisation, comprehensive policies and procedures for both financial reporting and operational activities, and a commitment to ensuring effectiveness and efficiency in operations, reliable financial reporting, and compliance with all applicable laws and regulations. This comprehensive approach guarantees the integrity and transparency of our financial information and fosters an environment of trust and accountability across all stakeholders.

The key focal points encompass risk management, the integration of control activities into daily operations, information and communication processes. This facilitates the identification, capture, and the timely exchange of information to fulfil responsibilities, and the continuous monitoring of the internal control system to assess its performance across time.

Regulatory and Compliance Structure

The Internal Control systems ensure our operations are aligned with the regulatory and compliance framework, and our operations comply with various national and international standards. This commitment goes beyond legal requirements, fostering responsible and sustainable business practices.

Key areas of compliance include:

- **Manufacturing licenses and exemptions:** Adherence to regulations set forth by the Ministry of International Trade and Industry (MITI) and the Malaysian Investment Development Authority (MIDA).
- **Environmental protection:** Strict compliance with the Environmental Quality Act 1974 (EQA 1974) and its regulations, ensuring proper disposal and management of waste and industrial effluent.
- **Employee well-being:** Prioritise the safety, health, and welfare of our employees, adhering to the Occupational Safety and Health Act 1994 (OSHA 1994) and the Factories and Machinery Act 1967 (FMA 1967).

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

INTERNAL CONTROLS (CONT'D)

Regulatory and Compliance Structure (Cont'd)

Key areas of compliance include (Cont'd):

- **Responsible mineral sourcing:** Follow regulations outlined in the Mineral Development Act 1994 (MDA 1994) regarding mineral exploration and mining activities.
- **Local governance:** Operate within the legal framework established by the Local Government Act 1976 and relevant by-laws, ensuring compliance with local authority requirements.

Our commitment extends beyond simply adhering to regulations. We proactively integrate these requirements into our operational policies and procedures, upholding high standards of:

- **Corporate governance:** Ensuring ethical and transparent business practices.
- **Environmental stewardship:** Minimising environmental impact and promoting sustainability.
- **Social responsibility:** Contributing positively to the communities in which we operate.

By prioritising compliance and ethical conduct, we demonstrate our dedication to responsible and sustainable business practices, fostering a positive impact on our stakeholders and the environment.

Governance & Integrity

The Group is steadfast in our commitment to uphold the highest standards of integrity and accountability in the conduct of our businesses and operations. We are deeply committed to operating ethically and in full compliance with all relevant laws, regulations, and requirements. We hold ourselves to the highest standards of integrity, transparency, and accountability as we operate in compliance with all applicable laws and regulations.

The Board has taken an Anti-Corruption Stance, strictly adhering to the Malaysian Anti-Corruption Commission (MACC) Act 2009, the MACC (Amendment) Act 2018, and all other applicable anti-bribery and anti-corruption laws. All employees must comply without exception.

We have also developed comprehensive ethical policies that guide our conduct and support our long-term sustainability goals. These include:

- Board Charter
- Corporate Disclosure Policy & Procedures
- Remuneration Policy
- Code of Conduct and Ethics
- Fit and Proper Policy
- Whistleblowing Policy
- Anti-Bribery & Corruption Policy
- Health and Safety Policy
- Sustainability Policy

Internal Control Process

Effective Communication Strategies

The Group prioritises clear and consistent communication with stakeholders. Dedicated teams within departments like Corporate Communications, Investor Relations, and Compliance work collaboratively to develop accurate and timely information regarding the Group's operations, financial performance, and strategic initiatives. This information is shared effectively through appropriate channels. Our strategy also involves tracking the flow of information and ensuring it reaches the intended audience.

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

INTERNAL CONTROLS (CONT'D)

Internal Control Process (Cont'd)

Maintaining Rigorous Standards:

- i. Internal Audits: Regular audits ensure objectivity and meticulous scrutiny within the monitoring process.
- ii. Regulatory Compliance: The Group adheres to relevant regulations and best practices in corporate governance.

Commitment to Sustainability

Our formalised sustainability policy demonstrates our dedication to responsible governance, economic fairness, environmental stewardship, and social impact. This policy is regularly reviewed to ensure its effectiveness.

Continuous Improvement

- i. Feedback: Information gathered through monitoring, including internal audits and reviews, is used to refine internal controls and processes.
- ii. Business Continuity Management ("BCM"): BCM practices safeguard the organisation's resilience against potential disruptions to our operations.

INTERNAL AUDIT FUNCTION

In preparation for the Listing, the Company had engaged Sterling Business Alignment Consulting Sdn Bhd, an independent professional consulting company, which is independent of the activities and operations of the Group as its Internal Control Review Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group. Subsequent to the Listing, the Group has engaged YC Consultancy, an independent professional consulting company, to provide the internal audit services for the Group commencing 2024.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 31 December 2023. The review was performed pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. The external auditors reported that nothing has come to their attention that caused them to believe that the Statement on Risk Management and Internal Control, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

CONCLUSION

Based on the findings and procedures performed by the relevant parties, and assurance from the Group Managing Director and Chief Financial Officer, the Board is of the view that the risk management and internal control system in place for the financial year and up to the date of this statement, has operated satisfactorily and is sufficient to safeguard shareholders' investment and the Group's assets.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 22 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Board of Directors of Zantat Holdings Berhad (“Zantat” or the “Group”) is required to prepare the financial statements which give a true and fair view of the financial position of the Group as at 31 December 2023, and of the results and cash flows of the Group for the financial year then ended, in accordance with applicable Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”), ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the provisions of the Companies Act 2016 (the “Act”) in Malaysia.

In preparing the financial statements, the Board of Directors have:

- used appropriate accounting policies that are consistently applied;
- made judgements and estimates that are prudent and reasonable;
- ensured that all applicable accounting standards in Malaysia have been followed, subject to any material departures;
- disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements to comply with AMLR of Bursa Securities and the Act in Malaysia.

The Board of Directors is also responsible for safeguarding the assets of the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

Zantat Holdings Berhad was listed on the ACE Market of Bursa Securities on 27 March 2024 (“Listing Date”). As part of the Listing exercise, our Company undertook a public issue of 56,000,000 new ordinary shares at an issue price of RM0.25 per share, raising gross proceeds of RM14.0 million (“IPO proceeds”), shall be utilised in the following manner:

Utilisation of proceeds	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Estimated timeframe for utilisation from the Listing Date
1. Upgrading of R&D facilities	3,830	-	Within 12 months
2. Upgrading of Calrock Perak Plant's Infrastructure	1,000	-	Within 12 months
3. Investment in high efficiency machine components and industrial automation	1,350	-	Within 6 months
4. Repayment of bank borrowings	3,390	-	Within 12 months
5. Working capital	1,430	-	Within 12 months
6. Listing expenses	3,000	-	Immediately
	14,000	-	

The utilisation of proceeds as disclosed above should be read together with the Prospectus of the Company dated 6 March 2024.

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees incurred for services rendered to our Group by our Company's External Auditors for the financial year ended 31 December 2023 (“FYE 2023”) are as follows:

	Group RM'000	Company RM'000
Audit services rendered	155,000	14,000
Non-audit services rendered*	395,100	10,000
Total	550,100	24,000

* Non-audit fees comprise the review of Statement of Risk Management and Internal Control, professional fees for tax compliance and advisory services and various report including Accountants' Report pursuant to the Company's listing exercise.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Group involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial period:

- (a) Share sale agreement dated 23 May 2023 between the Company and CLHF Resources Sdn Bhd, Chan Hup Ooi, Chan Eng Hue, Teh Ah Soon @ Teh Soon Tick, Lee Mei Choon, Chan Bin Iuan, Chan Jee Chet, Chan Jee Yang, Lim Gaik Lan, Teh Koh Tun, Teh Su Hui, Ng Paik Hoon, Chan Yu Xuan and Chan Jing Han for the acquisition of Zantat Sdn Bhd for a purchase consideration of RM57,411,200 which was satisfied by the issuance of 223,999,999 new shares in the Company at an issue price of RM0.2563 per share, which was completed on 21 November 2023.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

RECURRENT RELATED PARTY TRANSACTION ("RRPT")

The RRPTs of the Group have been entered into in the normal course of business. The breakdown of the aggregate value of the RRPT made during FYE 2023 is as follows:

Nature of RRPTs	Transacting Related Parties		Relationship of Related Parties with Zantat Holdings Berhad ("Zantat")	Aggregate value of RRPT for 31 December 2023 (RM'000)
	Provider	Recipient		
1. Provision of transportation service	Windfore Enterprise	Zantat Sdn Bhd	Leong Thun Ngai, the sole proprietor of Windfore Enterprise, is the brother-in-law of Chan Hup Ooi and Chan Eng Hue.	80
2. Provision of transportation service	Windfore Enterprise	Zantat Sdn Bhd	Chan Hup Ooi is a Director and substantial shareholder of Zantat. Chan Eng Hue is a substantial shareholder of Zantat.	307
3. Provision of transportation service	Lee Mooi Fern Enterprise	Zantat Sdn Bhd	Lee Mooi Fern and Kong Chee Seng, the partners of Lee Mooi Fern Enterprise, are respectively the sister and brother-in-law of Lee Mei Choon. Lee Mei Choon is the spouse of Chan Hup Ooi who is a Director and substantial shareholder of Zantat.	417
4. Provision of transportation service	Lee Nyong Nan	Zantat Sdn Bhd	Lee Nyong Nan is the brother of Lee Mei Choon. Lee Mei Choon is the spouse of Chan Hup Ooi who is a Director and substantial shareholder of Zantat.	218

The Company will be seeking its first shareholder's mandate for the RRPTs, at its forthcoming 2nd AGM to be held on 25 June 2024. The details of the proposed new shareholder's mandate for RRPTs to be entered by the Group with the related parties are disclosed in Section 2.6 of the Circular to Shareholders dated 30 April 2024.

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	6,768,963	(88,819)
Attributable to:-		
Owners of the Company	6,768,963	(88,819)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) The Company increased its issued and paid-up share capital from RM1 to RM57,411,201 by way of issuance of 223,999,999 new ordinary shares at an issue price of RM0.2563 each for the acquisition of the entire equity interest of a subsidiary, Zantat Sdn. Bhd.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) There were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chan Bin Iuan (Appointed on 31.3.2023)
 Chan Jee Chet (Appointed on 31.3.2023)
 Chan Hup Ooi (Appointed on 31.3.2023)
 Gan Seng Kian (Appointed on 31.3.2023)
 Poo Lap Tuck (Appointed on 31.3.2023)
 Rima Ramona Binti Muhammad Arif (Appointed on 31.3.2023)
 Yap Yoon Kong (Appointed on 31.3.2023)
 Aw Ee Ling (First director, resigned on 31.3.2023)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chan Eng Hue
 Lee Mei Choon
 Teh Ah Soon @ Teh Soon Tick
 Aw Ee Ling (Resigned on 10.1.2024)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

<----- Number of Ordinary Shares ----->

	At 1.1.2023	Bought	Sold	At 31.12.2023
--	----------------	--------	------	------------------

The Company

Direct Interests

Chan Bin Iuan	-	8,362,700	-	8,362,700
Chan Jee Chet	-	8,362,700	-	8,362,700
Chan Hup Ooi	-	8,362,700	-	8,362,700
Aw Ee Ling	1	-	(1)	-

Indirect Interests

Chan Hup Ooi*	-	136,192,000	-	136,192,000
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* Deemed interested through spouse's and son's shareholding in the Company and by virtue of his direct and indirect shareholding in the holding company, CLHF Resources Sdn. Bhd. ("CLHF").

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows (Cont'd):-

	<----- Number of Ordinary Shares ----->			
	At 1.1.2023	Bought	Sold	At 31.12.2023
The Holding Company,				
CLHF Resources Sdn. Bhd.				
<i>Direct Interests</i>				
Chan Bin Iuan	3,360	-	-	3,360
Chan Jee Chet	3,360	-	-	3,360
Chan Hup Ooi	19,560	-	-	19,560
<i>Indirect Interests</i>				
Chan Hup Ooi*	4,360	-	-	4,360

* Deemed interested through spouse's shareholding in the holding company.

By virtue of his shareholdings in the Company, Chan Hup Ooi is deemed to have interest in shares in its related corporations during the financial year to the extent of the Company's interests in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, option over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which close family members of certain directors have substantial financial interests as disclosed in Note 32(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fees	197,500	47,500
Salaries, bonuses and other benefits	2,292,939	-
Defined contribution benefits	246,150	-
	<hr/> 2,736,589	<hr/> 47,500

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM14,000.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 38 to the financial statements.

HOLDING COMPANY

The holding company is CLHF Resources Sdn. Bhd., a company incorporated in Malaysia.

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

The auditors' remuneration of the Group and of the Company for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	155,000	14,000
Non-audit fees	395,100	10,000
	550,100	24,000

Signed in accordance with a resolution of the directors dated 22 April 2024.

Chan Bin luan

Chan Jee Chet

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Chan Bin Iuan and Chan Jee Chet, being two of the directors of Zantat Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 114 to 163 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 22 April 2024.

Chan Bin Iuan

Chan Jee Chet

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Aw Ee Ling, MIA Membership Number: 42625, being the officer primarily responsible for the financial management of Zantat Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 114 to 163 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by abovementioned
Aw Ee Ling
at Kuala Lumpur
in the Federal Territory
on this 22 April 2024

Aw Ee Ling

Before me
Yokheswarem A/L M. Thirunadesan (W540)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZANTAT HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No: 202101040483 (1440783 - X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Zantat Holdings Berhad, which comprise the statements of financial position as at 31 December 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 material accounting policy information, as set out on pages 114 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of inventories	
Refer to Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The carrying amount of inventories held by the Group is approximately RM7.9 million.</p> <p>We focused on this area as the assessment of net realisable value and the estimation of allowances for obsolete and slow-moving inventories are areas involved of significant judgement.</p>	<p>Our audit procedures included:-</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's process for measuring the amount of inventories write down. • Reviewed the ageing analysis of inventories and tested its reliability. • Reviewed the net realisable value of inventories. • Evaluated the reasonableness and adequacy of the estimation of allowance for obsolete and slow-moving.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZANTAT HOLDINGS BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 202101040483 (1440783 - X)

Key Audit Matters (Cont'd)

Recoverability of trade receivables	
Refer to Note 11 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The trade receivables of the Group amounted to approximately RM20.4 million of which RM7.9 million are past due or exceeded credit terms granted by the Group.</p> <p>We focused on this area as the Group carried significant amount of trade receivables and the determination of the adequacy of the impairment loss of trade receivables under Expected Credit Losses ("ECL") method involves significant management judgement.</p>	<p>Our audit procedures included:-</p> <ul style="list-style-type: none"> • Reviewed the ageing analysis of trade receivables and tested its reliability. • Reviewed subsequent cash collections for major trade receivables and overdue amounts. • Evaluated the reasonableness and adequacy of the estimation of allowance for impairment loss. • Tested the adequacy of the allowance for ECL by assessing the relevant assumptions and historical data from the Group's previous collection experience.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZANTAT HOLDINGS BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 202101040483 (1440783 - X)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZANTAT HOLDINGS BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 202101040483 (1440783 - X)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

22 April 2024

Ho Yen Ling
03378/06/2024 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary	7	-	-	57,411,200	-
Property, plant and equipment	8	47,802,284	51,374,560	-	-
Right-of-use assets	9	7,337,855	7,429,775	-	-
		55,140,139	58,804,335	57,411,200	-
CURRENT ASSETS					
Inventories	10	7,928,097	8,594,646	-	-
Trade receivables	11	20,416,290	21,249,566	-	-
Other receivables, deposits and prepayments	12	1,553,412	1,086,163	36,815	-
Current tax assets		283,305	1,503,575	-	-
Short-term investment	13	1,411,767	-	-	-
Fixed deposits with licensed banks	14	4,137,534	3,441,990	-	-
Cash and bank balances		4,995,757	4,531,278	20,200	1
		40,726,162	40,407,218	57,015	1
TOTAL ASSETS		95,866,301	99,211,553	57,468,215	1
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	57,411,201	6,000,000	57,411,201	1
Merger deficit	16	(4,100,000)	(4,100,000)	-	-
Reorganisation deficit	17	(51,411,200)	-	-	-
Retained profits/(Accumulated losses)		62,268,450	55,506,548	(95,880)	(7,061)
TOTAL EQUITY		64,168,451	57,406,548	57,315,321	(7,060)
NON-CURRENT LIABILITIES					
Long-term borrowings	18	4,768,353	8,034,178	-	-
Deferred tax liabilities	19	3,412,000	3,024,000	-	-
Lease liabilities	20	446,663	412,908	-	-
		8,627,016	11,471,086	-	-
CURRENT LIABILITIES					
Trade payables	21	7,464,352	8,039,078	-	-
Other payables and accruals	22	8,374,802	6,367,527	21,819	7,061
Amount owing to a subsidiary	23	-	-	131,075	-
Lease liabilities	20	422,689	391,652	-	-
Short-term borrowings	24	6,808,991	15,535,662	-	-
		23,070,834	30,333,919	152,894	7,061
TOTAL LIABILITIES		31,697,850	41,805,005	152,894	7,061
TOTAL EQUITY AND LIABILITIES		95,866,301	99,211,553	57,468,215	1

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	30.11.2021 to 31.12.2022 RM
REVENUE	25	122,795,624	113,023,201	-	-
COST OF SALES		(73,718,425)	(60,943,947)	-	-
GROSS PROFIT		49,077,199	52,079,254	-	-
OTHER INCOME		1,279,064	1,707,198	-	-
		50,356,263	53,786,452	-	-
SELLING AND DISTRIBUTION EXPENSES		(25,937,168)	(33,931,296)	-	-
ADMINISTRATIVE EXPENSES		(12,307,658)	(9,559,863)	(88,819)	(7,061)
OTHER EXPENSES		(1,254,692)	(1,386,273)	-	-
FINANCE COSTS		(1,247,488)	(1,567,613)	-	-
PROFIT/(LOSS) BEFORE TAXATION	26	9,609,257	7,341,407	(88,819)	(7,061)
INCOME TAX EXPENSE	27	(2,840,294)	(1,922,028)	-	-
PROFIT/(LOSS) AFTER TAXATION		6,768,963	5,419,379	(88,819)	(7,061)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		6,768,963	5,419,379	(88,819)	(7,061)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		6,768,963	5,419,379	(88,819)	(7,061)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:-					
Owners of the Company		6,768,963	5,419,379	(88,819)	(7,061)
EARNINGS PER SHARE	28				
Basic		0.03	0.02		
Diluted		0.03	0.02		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group	Note	Share Capital RM	Non-Distributable Merger Deficit RM	Reorganisation Deficit RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1.1.2022		3,000,000	(4,100,000)		- 56,087,169	54,987,169
Profit after taxation/ Total comprehensive income for the financial year		-	-		- 5,419,379	5,419,379
Contribution by and distributions to owners of the Company:						
- Issuance of ordinary shares	15	3,000,000	-		-	3,000,000
- Dividends	29	-	-		- (6,000,000)	(6,000,000)
Balance at 31.12.2022/1.1.2023		6,000,000	(4,100,000)		- 55,506,548	57,406,548
Profit after taxation/ Total comprehensive income for the financial year		-	-		- 6,768,963	6,768,963
Effect of group restructuring exercise	15	51,411,201	-	(51,411,200)	(7,061)	(7,060)
Balance at 31.12.2023		57,411,201	(4,100,000)	(51,411,200)	62,268,450	64,168,451

The Company	Note	Share Capital RM	Distributable Accumulated Losses RM	Total Equity RM
Balance at 30.11.2021 (Date of incorporation)		1	-	1
Loss after taxation/Total comprehensive expenses for the financial period		-	(7,061)	(7,061)
Balance at 31.12.2022/1.1.2023		1	(7,061)	(7,060)
Loss after taxation/Total comprehensive expenses for the financial year		-	(88,819)	(88,819)
Contribution by owner of the Company:				
- Issuance of new ordinary shares	15	57,411,200	-	57,411,200
Balance at 31.12.2023		57,411,201	(95,880)	57,315,321

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	30.11.2021 to 31.12.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	9,609,257	7,341,407	(88,819)	(7,061)
Adjustments for:-				
Bad debts written off	1,600	-	-	-
Depreciation of:				
- property, plant and equipment	5,457,806	5,262,562	-	-
- right-of-use assets	561,952	558,860	-	-
Equipment written off	23,075	33,407	-	-
Interest expense on lease liabilities	36,200	11,341	-	-
Interest expenses	873,379	1,250,906	-	-
Gain on disposal of property, plant and equipment	(183,996)	(180,128)	-	-
Fair value gain on short-term investment	(9,267)	-	-	-
Interest income	(121,525)	(66,325)	-	-
Unrealised (gain)/loss on foreign exchange	(498,792)	426,710	-	-
Operating profit/(loss) before working capital changes	15,749,689	14,638,740	(88,819)	(7,061)
Decrease/(Increase) in inventories	666,549	(396,285)	-	-
Decrease/(Increase) in trade and other receivables	517,145	676,468	(36,815)	-
Increase in trade and other payables	1,628,891	185,380	14,758	7,061
Increase in amount owing to a subsidiary	-	-	131,075	-
CASH FROM OPERATIONS	18,562,274	15,104,303	20,199	-
Net income tax paid	(1,232,024)	(1,970,801)	-	-
Interest paid	(914,686)	(1,069,915)	-	-
NET CASH FROM OPERATING ACTIVITIES	16,415,564	12,063,587	20,199	-
CASH FLOWS FOR INVESTING ACTIVITIES				
Interest income received	121,525	66,325	-	-
Increase in short-term investment	9,267	-	-	-
Purchase of property, plant and equipment	30(a) (2,079,369)	(5,397,906)	-	-
Proceeds from disposal of property, plant and equipment	184,000	187,000	-	-
Withdrawal of fixed deposits pledged with licensed banks	-	34,047	-	-
NET CASH FOR INVESTING ACTIVITIES	(1,764,577)	(5,110,534)	-	-

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Note	The Group		The Company	
		1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	30.11.2021 to 31.12.2022
		RM	RM	RM	RM
CASH FLOWS FOR FINANCING ACTIVITIES					
Effect of group restructuring exercise		(7,060)	-	-	-
Dividend paid	29	-	(6,000,000)	-	-
Net (repayment)/drawdown in term loans	30(b)	(2,463,818)	614,206	-	-
Net repayment in hire purchase payables	30(b)	(2,153,422)	(2,494,638)	-	-
Net (repayment)/drawdown in post shipment buyer loan	30(b)	(1,501,161)	237,770	-	-
Net repayment in revolving credit	30(b)	(1,500,000)	(1,000,000)	-	-
Net (repayment)/drawdown in bankers' acceptances	30(b)	(4,019,000)	1,157,000	-	-
Net (repayment)/drawdown in invoice financing	30(b)	(349,988)	349,988	-	-
Proceeds from issuance of ordinary shares		-	3,000,000	-	-
Repayment of lease liabilities	30(b)	(405,240)	(418,259)	-	-
NET CASH FOR FINANCING ACTIVITIES		(12,399,689)	(4,553,933)	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,251,298	2,399,120	20,199	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/DATE OF INCORPORATION		7,973,268	5,574,148	1	1
EFFECT OF FOREIGN EXCHANGE TRANSLATION		320,492	-	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	30(d)	10,545,058	7,973,268	20,200	1

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : 5-9A, The Boulevard Offices, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

Principal place of business : Lot 1013-B, Jalan 2/32A, 6 ½ Miles,
Kepong Industrial Area, Jalan Kepong,
52100 Kuala Lumpur.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of directors dated 22 April 2024.

2. HOLDING COMPANY

The holding company is CLHF Resources Sdn. Bhd., a company incorporated in Malaysia.

3. CONVERSION TO BERHAD STATUS

The Company was incorporated in Malaysia as a private limited liability company. On 24 May 2023, the Company was converted to a public limited liability company. Consequently, the Company assumed the name of Zantat Holdings Berhad.

4. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

5. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

5. BASIS OF PREPARATION (CONT'D)

- 5.1 During the current financial year, the Group and the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' account policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 6 to the financial statements in line with the amendments.

- 5.2 The Group and the Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

6. MATERIAL ACCOUNTING POLICY INFORMATION

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 8 and Note 9 to the financial statements respectively.

(b) Impairment of Investment in a Subsidiary, Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of investment in a subsidiary, property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of investment in a subsidiary, property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 7, Note 8 and Note 9 to the financial statements respectively.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables as at the reporting date are disclosed in Note 12 to the financial statements.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of the Group's current tax assets as at the reporting date are RM283,305 (2022 - RM1,503,575).

(g) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The Group has elected to designate certain equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss except for the component of fair value changes relating to own credit risk is recognised directly in other comprehensive income. The fair value changes do not include interest expense.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.2 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares not remeasured subsequently.

6.3 BASIS OF CONSOLIDATION

(a) Business Combination of Zantat Sdn. Bhd. ("Zantat") and its subsidiaries

Zantat applies merger method of accounting for those business combinations under common control. The difference between the cost of the merger and the share capital of the merger entities is reflected within equity as merger reserve or deficit, as appropriate.

(b) Restructuring

The Company was incorporated for the purpose of acquiring Zantat and its subsidiaries. The acquisition undertaken by the Company is a restructuring exercise. As the Company was not a business as defined by MFRS 3, the accounting treatment for acquisitions is outside the scope of MFRS 3 and is accounted for as a capital reorganisation as the Group is ultimately controlled by the same party and/or parties both before and after the restructuring exercise.

The assets and liabilities of the subsidiaries are reflected in the consolidated financial statements at their carrying amounts reported in the individual financial statements. The consolidated statements of profit or loss and other comprehensive income reflect the results of subsidiary for the full reporting period (irrespective of when the combination takes place) and comparatives are presented as if the subsidiary had always been consolidated since the date for which the subsidiary had come under common control.

The difference between the cost of the acquisition and the share capital of the subsidiary is reflected within equity as reorganisation reserve or reorganisation deficit, as appropriate.

6.4 INVESTMENT IN A SUBSIDIARY

Investment in a subsidiary which are eliminated on consolidation, are stated in a separate financial statements of the Company at cost less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Buildings	2%
Plant and machinery	10%
Factory tools and equipment	10%
Motor vehicles	20%
Forklifts and lorries	10%-20%
Office equipment	10%
Furniture and fittings	10%-20%
Air-conditioners	10%
Electrical equipment and fittings	10%
Renovation	10%-20%
Software	20%

Plant and machinery under installation represent production machinery under installation. They are not depreciated until such time when the asset is available for use.

6.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group apply the "short-term lease" and "lease of low value assets" recognition exemption. For these leases, the Group recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systemic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

6.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase, plus other costs incurred in bringing the inventories to their present location and condition.

7. INVESTMENT IN A SUBSIDIARY

	The Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	57,411,200	-

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
Zantat Sdn. Bhd. ("Zantat")	Malaysia	100	-	Production of calcium carbonate, processing and trading of industrial minerals and operations of limestones quarry
Subsidiaries of Zantat				
Zantat Light C.C. Sdn. Bhd. ("Zantat Light")	Malaysia	100	100	Operation of quarrying, crushing and breaking of limestone
Calrock Sdn. Bhd. ("Calrock")	Malaysia	100	100	Production of calcium carbonate
Zaneco Sdn. Bhd. ("Zaneco")	Malaysia	100	100	Production of semi-manufactured plastic products

On 21 November 2023, the Company had undertaken a restructuring exercise via acquisition of ordinary shares representing 100% equity interest in Zantat for a total purchase consideration of RM57,411,200 which was satisfied entirely by the issuance of 223,999,999 shares at an issue price of RM0.2563 each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

8. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2023 RM	Additions RM	Transfer RM	Disposals RM	Written Off RM	Depreciation Charges RM	At 31.12.2023 RM
The Group							
2023							
<i>Carrying Amount</i>							
Buildings	24,528,906	1,850	-	-	(22,741)	(568,341)	23,939,674
Plant and machinery	17,872,844	140,374	5,455,276	-	-	(3,824,113)	19,644,381
Plant and machinery under installation	4,863,924	1,045,627	(5,581,161)	-	-	-	328,390
Factory tools and equipment	1,174,269	70,849	125,885	-	(4)	(226,392)	1,144,607
Motor vehicles	310,677	-	-	(1)	-	(162,628)	148,048
Forklifts and lorries	426,459	395,000	-	(2)	-	(166,359)	655,098
Office equipment	427,799	134,093	-	-	(75)	(89,131)	472,686
Furniture and fittings	604,323	59,707	-	-	-	(98,975)	565,055
Air-conditioners	380,271	12,230	-	(1)	(255)	(68,303)	323,942
Electrical equipment and fittings	626,017	29,464	-	-	-	(146,951)	508,530
Renovation	63,554	19,415	-	-	-	(11,098)	71,871
Software	95,517	-	-	-	-	(95,515)	2
	51,374,560	1,908,609	-	(4)	(23,075)	(5,457,806)	47,802,284

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

	At		Additions	Transfer	Disposals	Written Off	Depreciation	At	
	1.1.2022	RM						RM	Charges
The Group									
2022									
<i>Carrying Amount</i>									
Buildings	24,028,061		203,313	863,714	-	(7,458)	(558,724)	24,528,906	
Plant and machinery	21,136,844		105,921	286,014	(6,867)	(21,752)	(3,627,316)	17,872,844	
Plant and machinery under installation	145,530		5,152,337	(433,943)	-	-	-	4,863,924	
Factory tools and equipment	876,401		340,806	166,499	-	(182)	(209,255)	1,174,269	
Motor vehicles	368,544		135,000	-	(2)	-	(192,865)	310,677	
Forklifts and lorries	414,286		197,691	-	(2)	-	(185,516)	426,459	
Office equipment	424,591		83,624	8,740	-	(2,882)	(86,274)	427,799	
Furniture and fittings	496,065		159,988	38,712	-	(936)	(89,506)	604,323	
Air-conditioners	399,771		2,204	45,000	(1)	(1)	(66,702)	380,271	
Electrical equipment and fittings	550,243		111,126	103,810	-	(196)	(138,966)	626,017	
Renovation	75,476		-	-	-	-	(11,922)	63,554	
Software	191,033		-	-	-	-	(95,516)	95,517	
Building-in-progress	809,695		268,851	(1,078,546)	-	-	-	-	
	49,916,540		6,760,861	-	(6,872)	(33,407)	(5,262,562)	51,374,560	

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Buildings	28,406,120	(4,466,446)	23,939,674
Plant and machinery	52,550,831	(32,906,450)	19,644,381
Plant and machinery under installation	328,390	-	328,390
Factory tools and equipment	4,168,010	(3,023,403)	1,144,607
Motor vehicles	3,652,635	(3,504,587)	148,048
Forklifts and lorries	2,454,400	(1,799,302)	655,098
Office equipment	1,323,594	(850,908)	472,686
Furniture and fittings	1,118,287	(553,232)	565,055
Air-conditioners	769,194	(445,252)	323,942
Electrical equipment and fittings	2,195,150	(1,686,620)	508,530
Renovation	393,784	(321,913)	71,871
Software	477,579	(477,577)	2
	97,837,974	(50,035,690)	47,802,284
2022			
Buildings	28,433,085	(3,904,179)	24,528,906
Plant and machinery	46,955,181	(29,082,337)	17,872,844
Plant and machinery under installation	4,863,924	-	4,863,924
Factory tools and equipment	4,011,836	(2,837,567)	1,174,269
Motor vehicles	4,109,685	(3,799,008)	310,677
Forklifts and lorries	2,215,520	(1,789,061)	426,459
Office equipment	1,194,332	(766,533)	427,799
Furniture and fittings	1,058,580	(454,257)	604,323
Air-conditioners	760,581	(380,310)	380,271
Electrical equipment and fittings	2,165,685	(1,539,668)	626,017
Renovation	374,369	(310,815)	63,554
Software	477,579	(382,062)	95,517
	96,620,357	(45,245,797)	51,374,560

- (a) The buildings of the Group have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.
- (b) Included in the assets of the Group at the end of the reporting period which were acquired under hire purchase terms are as follows:-

	The Group	
	2023 RM	2022 RM
Plant and machinery	8,730,708	10,568,752
Motor vehicles	21,700	140,018
	8,752,408	10,708,770

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

9. RIGHT-OF-USE ASSETS

The Group	At	Addition (Note 20)	Modification of Lease	Depreciation Charges	At
	1.1.2023		Liabilities (Note 20)		31.12.2023
	RM	RM	RM	RM	RM
2023					
<i>Carrying Amount</i>					
Leasehold land	6,625,252	-	-	(144,989)	6,480,263
Factory buildings	768,940	-	393,950	(384,480)	778,410
Hostels	35,583	55,695	20,387	(32,483)	79,182
	7,429,775	55,695	414,337	(561,952)	7,337,855

	At	Modification of Lease	Depreciation Charges	At
	1.1.2022			Liabilities (Note 20)
	RM	RM	RM	RM
2022				
<i>Carrying Amount</i>				
Leasehold land	6,770,240	-	(144,988)	6,625,252
Factory buildings	391,431	768,940	(391,431)	768,940
Hostels	33,419	24,605	(22,441)	35,583
	7,195,090	793,545	(558,860)	7,429,775

- (a) The Group lease certain pieces of leasehold land, factory buildings and hostels of which the leasing activities are summarised below:-
- (i) Leasehold land The Group have entered into 3 (2022 - 3) non-cancellable operating lease agreements for the use of land, respectively. The leases are for a period of 54 to 99 (2022 - 54 to 99) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease the whole or any part of the land.
- (ii) Factory buildings The Group have leased factory buildings for a period of 2 to 3 (2022 - 2 to 3) years, with an option to renew the lease for 1 (2022 - 1) year after that date at a new rental rate to be based on the prevailing market rate mutually agreed after that date.
- (iii) Hostels The Group have leased hostels for a period of 2 (2022 - 2) years, with an option to renew the lease for 1 (2022 - 1) year after that date at a new rental rate to be based on the prevailing market rate mutually agreed after that date.
- (b) During the financial year, the Group also has leased with lease terms of 12 months or less and leased of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

9. RIGHT-OF-USE ASSETS (CONT'D)

- (c) The leasehold land of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

10. INVENTORIES

	The Group	
	2023 RM	2022 RM
Raw materials	2,287,170	3,294,510
Packing materials	1,229,216	1,580,937
Finished goods	2,352,767	1,852,976
Consumables	1,511,617	1,626,063
Goods-in-transit	547,327	240,160
	<hr/>	<hr/>
	7,928,097	8,594,646
	<hr/>	<hr/>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	73,718,425	60,943,947

11. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 to 90 (2022 - 30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	36,640	19,734	-	-
Deposits	179,430	224,420	-	-
Prepayments	1,337,342	842,009	36,815	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,553,412	1,086,163	36,815	-

Included in prepayments of the Group was amount paid in advance for purchase of plant and machineries amounting to RM21,110 (2022 - RM49,060).

13. SHORT-TERM INVESTMENT

The short-term investment of the Group represents investment in highly liquid money market instruments. This investment is readily convertible to known amount of cash and is subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.70% to 2.95% (2022 - 1.70% to 2.95%) per annum. The fixed deposits have maturity period of 1 (2022 - 1) day for the Group.

15. SHARE CAPITAL

	The Group			
	2023 Number Of Shares	2022	2023 RM	2022 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	6,000,000	3,000,000	6,000,000	3,000,000
Effect of group restructuring exercise	218,000,000	-	51,411,201	-
Issuance of new ordinary shares for cash	-	3,000,000	-	3,000,000
At 31 December	224,000,000	6,000,000	57,411,201	6,000,000

	The Company			
	2023 Number Of Shares	2022	2023 RM	2022 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January 2023/30 November 2021 (Date of incorporation)	1	1	1	1
Issuance of new ordinary shares	223,999,999	-	57,411,200	-
At 31 December	224,000,000	1	57,411,201	1

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company increased its issued and paid-up share capital from RM1 to RM57,411,201 by issuance of 223,999,999 new ordinary shares at an issue price of RM0.2563 each for the acquisition of the entire equity interest of a subsidiary, Zantat Sdn. Bhd.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

16. MERGER DEFICIT

The merger deficit arose from the business combination of Zantat and its subsidiaries which was accounted for under the merger method of accounting principles. Under the merger method of accounting principles, the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries will be reflected within equity as merger deficit.

17. REORGANISATION DEFICIT

The reorganisation deficit arose from the difference between carrying value of the investment and the nominal value of the shares of the subsidiary upon group restructuring exercise.

18. LONG-TERM BORROWINGS

	Note	The Group	
		2023 RM	2022 RM
Term loans	(a)	4,768,353	6,901,471
Hire purchase payables	(b)	-	1,132,707
		4,768,353	8,034,178

(a) Term loans

	The Group	
	2023 RM	2022 RM
Current liabilities (Note 24)	2,152,428	2,488,235
Non-current liabilities	4,768,353	6,901,471
	6,920,781	9,389,706

Details of the repayment terms for term loans are as follows:-

Term loans	Number of Monthly Instalments	Monthly Instalment Amount RM	Commencement Date of Repayment	The Group	
				2023 RM	2022 RM
1	96	39,375	March 2015	142,550	617,111
2	96	72,917	April 2018	3,144,419	4,022,469
3	72	Note 1	July 2019	1,142,645	1,584,959
4	60	6,167	Aug 2021	191,167	265,167
5	60	50,000	Nov 2022	2,300,000	2,900,000
				6,920,781	9,389,706

Note 1 - Term loan shall be repaid on monthly basis at RM34,722 from year 1 to year 2; RM36,312 in year 3; thereafter in year 4 onwards shall be repaid at RM36,860 on monthly basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

18. LONG-TERM BORROWINGS (CONT'D)

(a) Term loans (Cont'd)

The term loans of the Group at the end of the reporting period were subjected to the following effective interest rates per annum:-

	The Group	
	2023	2022
	%	%
Effective interest rates	4.87 - 6.68	4.04 - 6.18

The term loans are secured by:-

- (i) a legal charge over leasehold land and building of the Group as disclosed in Note 8 and Note 9 to the financial statements;
 - (ii) an assignment of life assurance policy by certain directors of the Group;
 - (iii) a personal guarantee by a director of the Group;
 - (iv) a joint and several guarantee of certain directors of the Group; and
 - (v) a corporate guarantee by Zantat.
- (b) Hire purchase payables

	The Group	
	2023	2022
	RM	RM
Minimum hire purchase payments:		
- not later than 1 year	1,285,281	2,406,075
- later than 1 year but not later than 5 years	-	1,152,273
	1,285,281	3,558,348
Less: Future finance charges	(20,750)	(140,395)
	1,264,531	3,417,953
Current liabilities (Note 24)	1,264,531	2,285,246
Non-current liabilities	-	1,132,707
	1,264,531	3,417,953

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

18. LONG-TERM BORROWINGS (CONT'D)

(b) Hire purchase payables (Cont'd)

The hire purchase payables of the Group at the end of the reporting period were subjected to the following effective interest rates per annum:-

	The Group	
	2023	2022
	%	%
Effective interest rates	4.35 - 5.46	4.35 - 5.46

The hire purchase payables of the Group are secured by plant and machinery and motor vehicles under finance lease as disclosed in Note 8(b) to the financial statements.

19. DEFERRED TAX LIABILITIES

	The Group	
	2023	2022
	RM	RM
At 1 January	3,024,000	2,389,000
Recognised in profit or loss (Note 27)	388,000	635,000
At 31 December	3,412,000	3,024,000

The deferred tax liabilities relates to the accelerated capital allowances over depreciation.

20. LEASE LIABILITIES

	The Group	
	2023	2022
	RM	RM
At 1 January	804,560	429,274
Additions (Note 9)	55,695	-
Interest expense recognised in profit or loss	36,200	11,341
Changes due to lease modification (Note 9)	414,337	793,545
Repayment of principal	(405,240)	(418,259)
Repayment of interest expense	(36,200)	(11,341)
At 31 December	869,352	804,560
Analysed by:-		
Current liabilities	422,689	391,652
Non-current liabilities	446,663	412,908
	869,352	804,560

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

21. TRADE PAYABLES

- (a) The normal trade terms granted to the Group range from 30 to 90 (2022 - 90) days.
- (b) Included in the trade payables of the Group is an amount owing to related parties amounting to RM64,160 (2022 - RM69,256). The trade terms granted to the Group are 30 (2022 - 30) days.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	1,409,503	1,151,944	2,269	4,061
Advances from customers	425,724	-	-	-
Accruals	6,539,575	5,215,583	19,550	3,000
	8,374,802	6,367,527	21,819	7,061

Included in the accruals of the Group are accruals of handling fees amounting to RM5,143,852 (2022 - RM4,341,699) to sales facilitators for identifying, introducing, recommending prospective customers, negotiating on sales value, coordinating the logistics and handling of the Group's products.

23. AMOUNT OWING TO A SUBSIDIARY

The amount owing is non-trade in nature, unsecured, interest free and repayable on demand. The amount owing is to be settled in cash.

24. SHORT-TERM BORROWINGS

	The Group	
	2023 RM	2022 RM
Post shipment buyer loan	588,032	2,089,193
Revolving credit	-	1,500,000
Bankers' acceptances	2,804,000	6,823,000
Invoice financing	-	349,988
Term loans (Note 18(a))	2,152,428	2,488,235
Hire purchase payables (Note 18(b))	1,264,531	2,285,246
	6,808,991	15,535,662

The post shipment buyer loan, revolving credit, bankers' acceptances and invoice financing of the Group are secured in the same manner as the term loans disclosed in Note 18(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

24. SHORT-TERM BORROWINGS (CONT'D)

At the end of the reporting period, the Group were subjected to the following effective interest rates per annum:-

	The Group	
	2023	2022
	%	%
Post shipment buyer loan	4.32 - 4.35	2.83 - 4.01
Revolving credit	-	3.30 - 4.62
Bankers' acceptances	3.92 - 3.96	2.99 - 4.26
Invoice financing	-	4.55 - 5.74
Term loans (Note 18(a))	4.87 - 6.68	4.04 - 6.18
Hire purchase payables (Note 18(b))	4.35 - 5.46	4.35 - 5.46

25. REVENUE

The revenue represents sales of goods which was recognised at a point in time.

	The Group	
	1.1.2023	1.1.2022
	to	to
	31.12.2023	31.12.2022
	RM	RM
Local sales	41,501,243	35,130,330
Overseas sales	81,294,381	77,892,871
	122,795,624	113,023,201

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 33.2 to the financial statements.
- (b) The Group have applied the practical expedient for not adjusting the sales price for the effects of a significant financing component when the period between the transfer of the promised goods or services to the customer and payment by the customer is 1 year or less.
- (c) The revenue of the Group primarily derives from domestic and international markets.

Revenue from sales of goods are recognised at a point in time when goods have been transferred and accepted by customers, net of discount or when the goods have reached the destination set by the customers.

The credit period is 30 to 90 days from the invoice date. There is no significant financing component in the selling price as the sales are made on the normal credit terms not exceeding 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

26. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	30.11.2021 to 31.12.2022 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration				
- audit fee	155,000	99,000	14,000	3,000
- non-audit fee	395,100	54,000	10,000	1,500
Directors' fees	197,500	-	47,500	-
Directors' non-fee emoluments	2,539,089	1,725,880	-	-
Material Expenses/(Income)				
Bad debts written off	1,600	-	-	-
Depreciation:				
- property, plant and equipment	5,457,806	5,262,562	-	-
- right-of-use assets	561,952	558,860	-	-
Equipment written off	23,075	33,407	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- post shipment buyer loan	89,400	65,349	-	-
- revolving credit	44,720	69,594	-	-
- bankers' acceptances	131,024	204,541	-	-
- invoice financing	-	40,706	-	-
- term loans	488,590	505,929	-	-
- hire purchase	119,645	364,787	-	-
Interest expense on lease liabilities	36,200	11,341	-	-
Lease expenses:				
- short-term leases	22,500	-	-	-
Staff cost (including directors of a subsidiary and other key management personnel as disclosed in Note 31):				
- short-term employee benefits	13,360,439	10,913,293	-	-
- defined contribution benefits	969,800	842,639	-	-
- others	132,182	109,680	-	-
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investment	(9,267)	-	-	-
Gain on disposal of property plant and equipment	(183,996)	(180,128)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(341,067)	(1,331,864)	-	-
- unrealised	(498,792)	426,710	-	-
Interest income on financial assets measured at amortised cost:				
- fixed deposits with licensed banks	(120,098)	(66,320)	-	-
- others	(5)	(5)	-	-
Interest income on financial assets measured at fair value through profit or loss:				
- short-term investment	(1,422)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

27. INCOME TAX EXPENSE

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	30.11.2021 to 31.12.2022 RM
Current tax:				
- for the financial year	2,753,000	1,829,709	-	-
- overprovision in the previous financial year	(300,706)	(542,681)	-	-
	2,452,294	1,287,028	-	-
Deferred tax:				
- origination of temporary differences	216,000	196,000	-	-
- underprovision in the previous financial year	172,000	439,000	-	-
	388,000	635,000	-	-
	2,840,294	1,922,028	-	-

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	30.11.2021 to 31.12.2022 RM
Profit/(Loss) before taxation	9,609,257	7,341,407	(88,819)	(7,061)
Tax at statutory tax rate of 24% (2022 - 24%)	2,306,222	1,761,938	(21,317)	(1,695)
Tax effects of:-				
Non-deductible expenses	649,796	191,625	21,317	1,695
Deferred tax assets not recognised during the financial year	15,206	91,346	-	-
Non-taxable gain	(2,224)	(19,200)	-	-
Overprovision of current tax in the previous financial year	(300,706)	(542,681)	-	-
Underprovision of deferred tax liability in the previous financial year	172,000	439,000	-	-
	2,840,294	1,922,028	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year.

At the end of the reporting period, the Group has unused tax losses (stated at gross) of RM59,000 that are available for offset against future taxable profits of a subsidiary in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profit of the subsidiary will be available against which the deductible temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

27. INCOME TAX EXPENSE (CONT'D)

Based on the current legislation, the unused tax losses are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment.

The Group's unused tax losses can be carried forward up to year of assessment 2033.

28. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.

	The Group	
	1.1.2023	1.1.2022
	to	to
	31.12.2023	31.12.2022
Profit attributable to owners of the Company (RM)	6,768,963	5,419,379
Weighted average number of ordinary shares*	224,000,000	224,000,000
Basic earnings per share (RM)	0.03	0.02

* In determining the weighted average number of ordinary shares issued by the Company, the issuance of shares pursuant to group restructuring exercise is treated as if it had been in issue since the beginning of the earliest period presented.

(b) Diluted Earnings Per Share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year.

29. DIVIDENDS

	The Group	
	2023	2022
	RM	RM
<u>In respect of the financial year ended 31 December 2021</u>		
A final single-tier dividend of RM1 per ordinary share	-	3,000,000
<u>In respect of the financial year ended 31 December 2022</u>		
A first interim single-tier dividend of RM0.50 per ordinary share	-	3,000,000
	-	6,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2023 RM	2022 RM
Property, plant and equipment		
Cost of property, plant and equipment purchased	1,908,609	6,760,861
Add: Accruals - balance paid in current financial year	198,710	-
Less: Accruals - balance remain unpaid in previous financial year	-	(198,710)
Add: Prepayment made for future purchases	21,110	49,060
Less: Prepayments made in previous financial year	(49,060)	(1,213,305)
	2,079,369	5,397,906

	The Group	
	2023 RM	2022 RM
Right-of-use assets		
Cost of right-of-use assets acquired (Note 9)	55,695	-
Less: Addition of new lease liabilities (Note 20)	(55,695)	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Lease Liabilities RM	Term Loans RM	Hire Purchase Payables RM	Post Shipment Buyer Loan RM	Revolving Credit RM	Bankers' Acceptances RM	Invoice Financing RM	Total RM
	804,560	9,389,706	3,417,953	2,089,193	1,500,000	6,823,000	349,988	24,374,400
Changes in Financing								
Cash Flows								
Proceeds from drawdown	-	-	-	8,805,422	2,450,000	16,134,000	-	27,389,422
Repayment of principal	(405,240)	(2,463,818)	(2,153,422)	(10,306,583)	(3,950,000)	(20,153,000)	(349,988)	(39,782,051)
Repayment of interests	(36,200)	(493,697)	(119,645)	(89,400)	(44,720)	(131,024)	-	(914,686)
	(441,440)	(2,957,515)	(2,273,067)	(1,590,561)	(1,544,720)	(4,150,024)	(349,988)	(13,307,315)
Other Changes								
Acquisition of new leases	55,695	-	-	-	-	-	-	55,695
Modification of lease	414,337	-	-	-	-	-	-	414,337
Interest expense recognised in profit or loss	36,200	488,590	119,645	89,400	44,720	131,024	-	909,579
	506,232	488,590	119,645	89,400	44,720	131,024	-	1,379,611
At 31 December	869,352	6,920,781	1,264,531	588,032	-	2,804,000	-	12,446,696

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Lease Liabilities RM	Term Loans RM	Hire Purchase Payables RM	Post Shipment Buyer Loan RM	Revolving Credit RM	Bankers' Acceptances RM	Invoice Financing RM	Total RM
At 1 January	429,274	10,226,606	5,779,882	1,851,423	2,500,000	5,666,000	-	26,453,185
<u>Changes in Financing</u>								
<u>Cash Flows</u>								
Proceeds from drawdown	-	3,000,000	-	10,420,557	8,150,000	28,126,000	3,091,264	52,787,821
Repayment of principal	(418,259)	(2,385,794)	(2,494,638)	(10,182,787)	(9,150,000)	(26,969,000)	(2,741,276)	(54,341,754)
Repayment of interests	(11,341)	(446,306)	(232,078)	(65,349)	(69,594)	(204,541)	(40,706)	(1,069,915)
	(429,600)	167,900	(2,726,716)	172,421	(1,069,594)	952,459	309,282	(2,623,848)
<u>Other Changes</u>								
Repayment by way of offsetting with fixed deposit	-	(1,510,729)	-	-	-	-	-	(1,510,729)
Modification of lease interest expense recognised in profit or loss	793,545	-	-	-	-	-	-	793,545
	11,341	505,929	364,787	65,349	69,594	204,541	40,706	1,262,247
	804,886	(1,004,800)	364,787	65,349	69,594	204,541	40,706	545,063
At 31 December	804,560	9,389,706	3,417,953	2,089,193	1,500,000	6,823,000	349,988	24,374,400

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2023 RM	2022 RM
Interest paid on lease liabilities	36,200	11,341
Payment of lease liabilities	405,240	418,259
Payment of short-term leases	22,500	-
	463,940	429,600

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits with licensed banks	4,137,534	3,441,990	-	-
Cash and bank balances	4,995,757	4,531,278	20,200	1
Short-term investment	1,411,767	-	-	-
	10,545,058	7,973,268	20,200	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

(a) Directors of the Group and of the Company

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	30.11.2021 to 31.12.2022 RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- non-fee emoluments	2,292,939	1,562,440	-	-
- fees	197,500	-	47,500	-
	2,490,439	1,562,440	47,500	-
- defined contribution benefits	246,150	163,440	-	-
	2,736,589	1,725,880	47,500	-
<u>Directors of the Subsidiary</u>				
Short-term employee benefits:				
- non-fee emoluments	1,231,309	1,028,108	-	-
- fees	150,000	-	-	-
	1,381,309	1,028,108	-	-
- defined contribution benefits	93,990	78,480	-	-
	1,475,299	1,106,588	-	-

The estimated monetary value of benefits-in-kind provided by the Company to the directors were RM14,000 (2022 - RM14,000).

(b) Other Key Management Personnel

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Short-term employee benefits	335,001	244,001
Defined contribution benefits	40,100	29,182
	375,101	273,183

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

32. RELATED PARTY DISCLOSURES

(a) Holding Company and Subsidiaries

The holding company is disclosed in Note 2 to the financial statements.

The subsidiaries are disclosed in Note 7 to the financial statements.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following transactions with its related parties during the financial year:-

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Transportation expenses charged by close family members of certain directors	218,607	189,100
Transportation expenses charged by an entity controlled by close family members of certain directors	803,887	798,920
Disposal of a motor vehicle to a director	-	(80,000)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- (a) Production segment - involved in production of Ground Calcium Carbonate ("GCC"), Calcium Carbonate ("CC") dispersion and kaolin dispersion.
- (b) Bioplastic compounding - involved in manufacturing of bioplastic compounding products.
- (c) Others - involved in trading in other industrial minerals and sales of limestone quarry products.

The management assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment assets and liabilities information are not regularly provided to the chief operating decision maker. Hence, no disclosure is made on segment assets and liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS

2023	Production RM	Bioplastic Compounding RM	Others RM	Group RM
Revenue				
External revenue	119,351,214	-	3,444,410	122,795,624
Inter-segment revenue	-	-	1,431,049	1,431,049
	119,351,214	-	4,875,459	124,226,673
Consolidated adjustments and eliminations				(1,431,049)
Consolidated revenue				122,795,624
Results				
Segment profit/(loss) before interest and taxation	10,465,477	(964,432)	1,355,700	10,856,745
Finance costs				(1,247,488)
Income tax expense				(2,840,294)
Consolidated profit after taxation				6,768,963
Segment profit/(loss) before interest and taxation includes the following:-				
Depreciation:				
- property, plant and equipment	5,165,579	264,293	27,934	5,457,806
- right-of-use assets	537,983	-	23,969	561,952
Equipment written off	23,075	-	-	23,075
Gain on disposal on property, plant and equipment	(183,996)	-	-	(183,996)
Unrealised gain on foreign exchange	(497,687)	(1,105)	-	(498,792)
Fair value gain on short-term investment	(9,267)	-	-	(9,267)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

2022	Production RM	Bioplastic Compounding RM	Others RM	Group RM
Revenue				
External revenue	109,345,475	-	3,677,726	113,023,201
Inter-segment revenue	-	-	1,427,554	1,427,554
	109,345,475	-	5,105,280	114,450,755
Consolidated adjustments and eliminations				(1,427,554)
Consolidated revenue				113,023,201
Results				
Segment profit/(loss) before interest and taxation	7,710,956	(324,505)	1,522,569	8,909,020
Finance costs				(1,567,613)
Income tax expense				(1,922,028)
Consolidated profit after taxation				5,419,379
Segment profit/(loss) before interest and taxation includes the following:-				
Depreciation:				
- property, plant and equipment	5,218,093	447	44,022	5,262,562
- right-of-use assets	534,892	-	23,968	558,860
Equipment written off	33,407	-	-	33,407
Gain on disposal on property, plant and equipment	(180,128)	-	-	(180,128)
Unrealised loss/(gain) on foreign exchange	429,397	(2,687)	-	426,710

33.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
- Malaysia	41,501,243	35,130,330
- India	71,155,465	67,394,935
- Others	10,138,916	10,497,936
	122,795,624	113,023,201

The geographical information for non-current assets is not presented as the Group operates primarily in Malaysia during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. OPERATING SEGMENTS (CONT'D)

33.3 MAJOR CUSTOMERS

The following are the major customers with revenue equal to or more than 10% of the Group's revenue:-

	The Group		Segment
	2023 RM	2022 RM	
Customer 1	26,519,683	22,770,335	Production
Customer 2	12,631,875	13,932,171	Production

34. CAPITAL COMMITMENT

	The Group	
	2023 RM	2022 RM
Purchase of property, plant and equipment	1,153,393	1,220,093

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk is primarily United States Dollar ("USD"), Chinese Yuan ("CNY"), Singapore Dollar ("SGD") and Australian Dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

The Group	United States Dollar RM	Chinese Yuan RM	Singapore Dollar RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023						
<u>Financial Assets</u>						
Trade receivables	11,520,804	-	194,319	-	8,701,167	20,416,290
Other receivables and deposits	-	-	-	-	216,070	216,070
Fixed deposits with licensed banks	-	-	-	-	4,137,534	4,137,534
Cash and bank balances	2,389,554	1,384	-	35	2,604,784	4,995,757
Short-term investment	-	-	-	-	1,411,767	1,411,767
	13,910,358	1,384	194,319	35	17,071,322	31,177,418
<u>Financial Liabilities</u>						
Trade payables	-	-	-	-	7,464,352	7,464,352
Other payables and accruals	5,143,852	-	-	-	2,805,226	7,949,078
Term loans	-	-	-	-	6,920,781	6,920,781
Hire purchase payables	-	-	-	-	1,264,531	1,264,531
Post shipment buyer loan	-	-	-	-	588,032	588,032
Bankers' acceptances	-	-	-	-	2,804,000	2,804,000
	5,143,852	-	-	-	21,846,922	26,990,774

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group	United States Dollar RM	Chinese Yuan RM	Singapore Dollar RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023						
Net financial assets/ (liabilities)	8,766,506	1,384	194,319	35	(4,775,600)	4,186,644
Less: Net financial liabilities denominated in the entity's functional currency	-	-	-	-	4,775,600	4,775,600
Currency exposure	8,766,506	1,384	194,319	35	-	8,962,244
2022						
<u>Financial Assets</u>						
Trade receivables	15,416,970	-	43,530	-	5,789,066	21,249,566
Other receivables and deposits	-	-	-	-	244,154	244,154
Fixed deposits with licensed banks	-	-	-	-	3,441,990	3,441,990
Cash and bank balances	2,783,192	1,265	-	48	1,746,773	4,531,278
	18,200,162	1,265	43,530	48	11,221,983	29,466,988

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group	United States Dollar RM	Chinese Yuan RM	Singapore Dollar RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2022						
<u>Financial Liabilities</u>						
Trade payables	129,327	665,424	-	-	7,244,327	8,039,078
Other payables and accruals	4,345,616	-	-	-	2,021,911	6,367,527
Term loans	-	-	-	-	9,389,706	9,389,706
Hire purchase payables	-	-	-	-	3,417,953	3,417,953
Bankers' acceptances	-	-	-	-	6,823,000	6,823,000
Revolving credit	-	-	-	-	1,500,000	1,500,000
Post shipment buyer loan	-	-	-	-	2,089,193	2,089,193
Invoice financing	-	-	-	-	349,988	349,988
	4,474,943	665,424	-	-	32,836,078	37,976,445
Net financial assets/ (liabilities)	13,725,219	(664,159)	43,530	48	(21,614,095)	(8,509,457)
Less:						
Net financial liabilities denominated in the entity's functional currency	-	-	-	-	21,614,095	21,614,095
Currency exposure	13,725,219	(664,159)	43,530	48	-	13,104,638

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2023	2022
	RM	RM
Effects on Profit After Taxation		
USD/RM		
- strengthened by 5%	+333,127	+521,558
- weakened by 5%	-333,127	-521,558
CNY/RM		
- strengthened by 5%	+53	-25,238
- weakened by 5%	-53	+25,238
SGD/RM		
- strengthened by 5%	+7,384	+1,654
- weakened by 5%	-7,384	-1,654
AUD/RM		
- strengthened by 5%	+1	+2
- weakened by 5%	-1	-2

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long term borrowing with variables rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2022 - 2) customers which constituted approximately 36% (2022 - 41%) of its trade receivables at the end of the reporting period.

(ii) Maximum exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through period review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in related to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 120 days past due unless the Group have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patters.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2022 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debt.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2023				
Current (not past due)	12,491,682	-	-	12,491,682
1 to 30 days past due	6,066,226	-	-	6,066,226
31 to 60 days past due	975,161	-	-	975,161
61 to 90 days past due	683,453	-	-	683,453
More than 90 days past due	199,768	-	-	199,768
	20,416,290	-	-	20,416,290
2022				
Current (not past due)	14,184,769	-	-	14,184,769
1 to 30 days past due	5,572,342	-	-	5,572,342
31 to 60 days past due	940,059	-	-	940,059
61 to 90 days past due	164,484	-	-	164,484
More than 90 days past due	387,912	-	-	387,912
	21,249,566	-	-	21,249,566

The Group believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

Allowance for Impairment Losses

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

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2023					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables	-	7,464,352	7,464,352	7,464,352	-
Other payables and accruals	-	7,949,078	7,949,078	7,949,078	-
Term loans	4.87 - 6.68	6,920,781	7,660,882	2,501,670	5,159,212
Hire purchase payables	4.35 - 5.46	1,264,531	1,285,281	1,285,281	-
Post shipment buyer loan	4.32 - 4.35	588,032	588,032	588,032	-
Bankers' acceptances	3.92 - 3.96	2,804,000	2,804,000	2,804,000	-
		26,990,774	27,751,625	22,592,413	5,159,212
<u>Other Financial Liability</u>					
Lease liabilities	5.48 - 6.10	869,352	925,600	463,920	461,680
		27,860,126	28,677,225	23,056,333	5,620,892

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2022					
<u>Non-derivatives</u>					
<u>Financial Liabilities</u>					
Trade payables	-	8,039,078	8,039,078	8,039,078	-
Other payables and accruals	-	6,367,527	6,367,527	6,367,527	-
Term loans	4.04 - 6.18	9,389,706	10,474,106	2,923,243	7,550,863
Hire purchase payables	4.35 - 5.46	3,417,953	3,558,348	2,406,075	1,152,273
Post shipment buyer loan	2.83 - 4.01	2,089,193	2,089,193	2,089,193	-
Revolving credit	3.30 - 4.62	1,500,000	1,500,000	1,500,000	-
Bankers' acceptances	2.99 - 4.26	6,823,000	6,823,000	6,823,000	-
Invoice financing	4.55 - 5.74	349,988	349,988	349,988	-
		37,976,445	39,201,240	30,498,104	8,703,136
<u>Other Financial Liability</u>					
Lease liabilities	4.82	804,560	851,250	426,000	425,250
		38,781,005	40,052,490	30,924,104	9,128,386
The Company					
2023					
<u>Non-derivatives Financial Liabilities</u>					
Other payables and accruals			21,819	21,819	21,819
Amount owing to a subsidiary			131,075	131,075	131,075
			152,894	152,894	152,894
2022					
<u>Non-derivatives Financial Liabilities</u>					
Other payables and accruals			7,061	7,061	7,061

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total debts divided by total equity. The Group includes within total debts, loans and borrowings from financial institutions. Capital includes equity attributable to the owners of the parent and non-controlling interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2023 RM	2022 RM
Term loans	6,920,781	9,389,706
Hire purchase payables	1,264,531	3,417,953
Post shipment buyer loan	588,032	2,089,193
Revolving credit	-	1,500,000
Bankers' acceptances	2,804,000	6,823,000
Invoice financing	-	349,988
Total debts	11,577,344	23,569,840
Total equity	64,168,451	57,406,548
Debt-to-equity ratio	0.18	0.41

There was no change in the approach to capital management during the financial year.

As the Company has no external borrowings, the debt-to-equity ratio is not presented as it may not provide a meaningful indicator of the risk of borrowings.

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial Assets				
<u>Fair value Through Profit or Loss</u>				
Short-term investment	1,411,767	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amortised Costs				
Trade receivables	20,416,290	21,249,566	-	-
Other receivables and deposits	216,070	244,154	-	-
Fixed deposits with licensed banks	4,137,534	3,441,990	-	-
Cash and bank balances	4,995,757	4,531,278	20,200	1
	29,765,651	29,466,988	20,200	1
Financial Liability				
Amortised Costs				
Trade payables	7,464,352	8,039,078	-	-
Other payables and accruals	7,949,078	6,367,527	21,819	7,061
Amount owing to a subsidiary	-	-	131,075	-
Term loans	6,920,781	9,389,706	-	-
Hire purchase payables	1,264,531	3,417,953	-	-
Post shipment buyer loan	588,032	2,089,193	-	-
Revolving credit	-	1,500,000	-	-
Bankers' acceptances	2,804,000	6,823,000	-	-
Invoice financing	-	349,988	-	-
	26,990,774	37,976,445	152,894	7,061

35.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Financial Assets		
Fair value Through Profit or Loss		
Net gains recognised in profit or loss by: -mandatorily required by MFRS 9	10,689	-
Amortised Cost		
Net gains recognised in profit or loss	959,962	971,479
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	(873,379)	(1,250,906)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2023								
Financial Asset								
Short-term investments: - money market funds	-	1,411,767	-	-	-	-	1,411,767	1,411,767
2022								
Financial Liabilities								
Term loans	-	-	-	-	6,920,781	-	6,920,781	6,920,781
Hire purchase payables	-	-	-	-	1,264,531	-	1,264,531	1,264,531
2022								
Financial Liabilities								
Term loans	-	-	-	-	9,389,706	-	9,389,706	9,389,706
Hire purchase payables	-	-	-	-	3,417,953	-	3,417,953	3,417,953

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value above have been determined using the following basis:-

The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

The fair value of the Company's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

36. COMPARATIVE FIGURES

The comparative figure of the Group are presented as if the restructuring exercise has occurred before the start of the earliest period presented.

The comparative figures of the Company covered the financial period from 30 November 2021 (date of incorporation) to 31 December 2022. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable with the current financial year.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

In conjunction with the listing of and quotation for the entire enlarged issued shares on the ACE Market of Bursa Securities ("Listing"), the Company had on 23 May 2023 entered into a Conditional Share Sale Agreement to acquire the entire equity interest in Zantat comprising of 6,000,000 ordinary shares of the Company to the existing shareholders of Zantat at an issue price of RM0.2563 each.

The acquisition of Zantat was completed on 21 November 2023. The acquisition was accounted as a capital reorganisation as the Group is ultimately controlled by the same party and/or parties both before and after the restructuring exercise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

38. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

In conjunction with the Company's Listing, the Company proposed to undertake the Initial Public Offering ("IPO") at an issue price of RM0.25 per share, comprising:

- (i) Public Issue of 56,000,000 new ordinary shares in the Company in the following manner:
 - 14,000,000 new shares available for application by the Malaysian public by way of balloting;
 - 11,200,000 new shares available for application by the eligible directors, employees and persons who have contributed to the success of our Group; and
 - 30,800,000 new shares by way of private placement to selected investors.
- (ii) Offer for sale of 16,800,000 existing shares by way of private placement to selected investors.

Upon completion of the IPO, the issued share capital of the Company will increase to RM71,411,201 comprising 280,000,000 shares.

Pursuant thereto, the Company's entire enlarged share capital was listed and quoted on the ACE Market of Bursa Securities on 27 March 2024.

LIST OF PROPERTIES

Address	Description of property/ Existing Use	Tenure/ Expiry of lease	Category of land use	Approximate age of the buildings	Net book value @ 31/12/2023 RM'000
PT 24571 Kaw. Industri Batu Kapur Keramat Pulai, 31300 Kampung Kepayang, Perak	A single-storey manufacturing facility annexed with a single- storey office building and warehouse and a double-storey hostel accommodation / Manufacturing plant	Leasehold for 99 years expiring on 3 July 2115	Industry	Since 12 October 2016 (manufacturing facility) and 29 April 2022 (hostel)	11,004
PT 21289 (Lot 35978), Kaw. Industri Batu Kapur Keramat Pulai, 31300 Kampung Kepayang, Perak	A single-storey manufacturing facility annexed with a double- storey office building and warehouse / Manufacturing plant	Leasehold for 99 years expiring on 25 September 2107	Industry	Since 28 July 2018	14,713
PT 21294 (Lot 335983) Kaw. Industri Batu Kapur Keramat Pulai, 31300 Kampung Kepayang, Perak	Quarry land / No quarrying operations currently	Leasehold for 60 years expiring on 25 September 2068	Industry	N/A	2,780
PT 22565, Kaw. Industri Batu Kapur, Keramat Pulai, 31300 Kampung Kepayang, Perak	Quarry land / Quarry operations	Leasehold for 60 years expiring on 14 March 2070	Industry	N/A	434
60, Persiaran Portland, Kawasan Perindustrian Tasek, 31400, Ipoh, Perak	A single-storey manufacturing facility annexed with 2 single- storey office building / Manufacturing plant	Leasehold for 99 years expiring on 30 June 2076	Industry	Since 25 July 2001 and 14 March 2023	1,078
30, Persiaran Taman Tasek 1, Taman Tasek Baru, 31400 Ipoh, Perak	Double-storey terrace house (corner house) / Hostel for foreign workers	Leasehold for 99 years expiring on 3 July 2113	Building	Since 8 November 2017	411

ANALYSIS OF SHAREHOLDINGS AS AT 2 APRIL 2024

Number of Shares Issued	:	280,000,000
Voting rights	:	One vote for one ordinary share
No. of Shareholders	:	2,230

Distribution of shareholdings

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	0	0.00	0	0.00
100 - 1,000	292	13.09	145,300	0.05
1,001 - 10,000	1,229	55.11	6,483,000	2.32
10,001 - 100,000	604	27.09	21,190,200	7.57
100,001 to less than 5% of issued shares	102	4.57	106,450,900	38.02
% and above of issued shares	3	0.13	145,730,600	52.05
TOTAL	2,230	100.0	280,000,000	100.0

SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS	Direct Interest	%	Deemed interest	%
1 CLHF Resources Sdn Bhd	110,506,600	39.47	-	-
2 Teh Ah Soon @ Teh Soon Tick	18,648,000	6.66	-	-
3 Chan Eng Hue	16,576,000	5.92	-	-
4 Chan Hup Ooi	7,735,500	2.76	125,977,600 ^(a)	44.99

SHAREHOLDINGS

DIRECTORS' SHAREHOLDINGS	Direct Interest	%	Deemed interest	%
1 Yap Yoon Kong	450,000	0.16	-	-
2 Chan Hup Ooi	7,735,500	2.76	125,977,600 ^(a)	44.99
3 Chan Bin Iuan	7,735,500	2.76	-	-
4 Chan Jee Chet	7,735,500	2.76	-	-
5 Poo Lap Tuck	-	-	-	-
6 Dr Gan Seng Kian	-	-	-	-
7 Rima Ramona Binti Muhammad Arif	-	-	-	-

Note:

- (a) Deemed interest by virtue of his interest in CLHF Resources Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016 ("Act") and his spouse's and son's shareholdings pursuant to Section 59(11) of the Act.

ANALYSIS OF SHAREHOLDINGS AS AT 2 APRIL 2024 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

NOS.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CLHF Resources Sdn Bhd	110,506,600	39.47
2	Teh Ah Soon @ Teh Soon Tick	18,648,000	6.66
3	Chan Eng Hue	16,576,000	5.92
4	Chan Bin Iuan	7,735,500	2.76
5	Chan Hup Ooi	7,735,500	2.76
6	Chan Jee Chet	7,735,500	2.76
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Mei Choon	7,735,500	2.76
8	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Jee Yang	7,735,500	2.76
9	Lim Gaik Lan	6,216,000	2.22
10	Teh Koh Tun	6,216,000	2.22
11	Teh Su Hui	6,216,000	2.22
12	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for PMB Shariah Equity Fund	4,000,000	1.43
13	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hilary Fernandez	2,000,000	0.71
14	Cheeng Sui Ping	1,574,000	0.56
15	Golden Market Resources Sdn Bhd	1,500,000	0.54
16	UR Management Sdn Bhd	1,500,000	0.54
17	Chan Jing Han	1,381,300	0.49
18	Chan Yu Xuan	1,381,300	0.49
19	Ng Paik Hoon	1,381,300	0.49
20	Dzulfadli Husni Bin Dzulkifli	1,252,000	0.45
21	AmanahRaya Trustees Berhad PMB Dana Bestari	1,250,000	0.45
22	AmanahRaya Trustees Berhad PMB Dana Al-Aiman	1,250,000	0.45
23	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account for Teo Swee Phin (MY4649)	1,000,000	0.36
24	Chuang Chee Hing	1,000,000	0.36
25	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad - PMB Shariah Dividend Fund	1,000,000	0.36
26	Ivy Kok Pui Lee	1,000,000	0.36
27	Ong Pei Boon	1,000,000	0.36
28	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheah Wan Kin	1,000,000	0.36
29	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liberte Group Sdn Bhd	1,000,000	0.36
30	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Chong Tuck Wai	969,000	0.35
TOTAL		229,495,000	81.98

NOTICE OF 2ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2nd Annual General Meeting (“**AGM**”) of Zantat Holdings Berhad (“**the Company**”) will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on **Tuesday, 25 June 2024 at 10.00 a.m.**, or any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications the resolutions as set out in this notice:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors’ Report and Auditors’ Report thereon. **(Please refer to Explanatory Notes)**
2. To approve the payment of Directors’ fees totalling RM576,000 for the financial year ending 31 December 2024. **RESOLUTION 1**
3. To approve the payment of Directors’ benefits up to an amount of RM28,000 for the financial year ending 31 December 2024 and up to the date of the 3rd AGM of the Company. **RESOLUTION 2**
4. To re-elect Mr Yap Yoon Kong, who retires in accordance with Article 18.2 of the Company’s Constitution and being eligible, has offered himself for re-election. **RESOLUTION 3**
5. To re-elect Mr Chan Bin luan, who retires in accordance with Article 18.2 of the Company’s Constitution and being eligible, has offered himself for re-election. **RESOLUTION 4**
6. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES BY THE DIRECTORS UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **RESOLUTION 6**

“**THAT** subject always to the Companies Act, 2016 (“**the Act**”), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority and shall continue to be in force until the conclusion of the next AGM of the Company.

THAT pursuant to Section 85 of the Act read together with Article 13.2 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.

NOTICE OF 2ND ANNUAL GENERAL MEETING (CONT'D)

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

8. **PROPOSED SHAREHOLDERS' RATIFICATION AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **RESOLUTION 7**

“**THAT** approval be and is hereby given to the Company and its subsidiary(ies) (“**Group**”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 30 April 2024, provided that:

- (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

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

THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 27 March 2024, being the date of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.6 of the Circular to Shareholders dated 30 April 2024 be and are hereby approved, confirmed and ratified;

NOTICE OF 2ND ANNUAL GENERAL MEETING (CONT'D)

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

9. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

SIEW SUET WEI (MAICSA 7011254)

SSM Practicing Certificate No. 202008001690

LIM YEN TENG (LS0010182)

SSM Practicing Certificate No. 201908000028

Company Secretaries

Kuala Lumpur

Date: 30 April 2024

NOTES:

(A) Information for Shareholders/Proxies

1. For the purpose of determining a member who shall be entitled to attend and vote at the 2nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 15.9 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”), to issue a General Meeting Record of Depositors as at 14 June 2024. Only a depositor whose name appears on the Record of Depositors as at 14 June 2024 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints more than one (1) proxy but not more than two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the SICDA, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
6. The duly completed and executed Proxy Form must be deposited at the Company's office at Lot 1013-B, Jalan 2/32A, 6 ½ Miles, Kepong Industrial Area, Jalan Kepong, 52100 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
7. Pursuant to Rule 8.31A(1) of the Listing Requirements, voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling and to verify the results of the poll.

NOTICE OF 2ND ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ended 31 December 2023

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Act, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

2. Ordinary Resolutions No. 1 & 2: Payment of Directors' Fees & Benefits

Pursuant to Section 230(1) of the Act, the shareholders' approval is sought for the proposed payment of Directors' fees and benefits to the Directors.

Ordinary Resolution 1 is to seek shareholders' approval on the payment of Directors' fees for the financial year ending 31 December 2024 which have been reviewed by the Remuneration Committee and the Board of Directors of the Company.

Ordinary Resolution 2 is to seek shareholders' approval on the payment of Directors' benefits to the Non-Executive Directors in respect of financial year ending 31 December 2024 and up to the date of the 3rd AGM of the Company which have been reviewed by the Remuneration Committee and the Board of Directors of the Company. The calculation of the benefits is in respect of meeting allowance and based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that the number of Non-Executive Directors in office remain the same during the financial year ending 31 December 2024. In the event that the proposed amount is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next AGM to meet the shortfall.

3. Ordinary Resolutions No. 3 and 4: Re-election of Directors

Article 18.2 of the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The retiring Directors have offered themselves for re-election, and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the forthcoming 2nd AGM.

The profiles of the Directors standing for re-election are set out in the Annual Report 2023.

4. Ordinary Resolution No. 5: Appointment of Auditors

The Board and Audit and Risk Management Committee had at their respective meetings on 22 April 2024 recommended the re-appointment of Crowe Malaysia PLT for the financial year ending 31 December 2024. Crowe Malaysia PLT have met the criteria prescribed under the Rule 15.21 of the Listing Requirements and indicated their willingness to continue their services for the next financial year.

NOTICE OF 2ND ANNUAL GENERAL MEETING (CONT'D)

5. **Ordinary Resolution No. 6: Authority to allot and issue shares by the Directors under Sections 75 And 76 of the Act**

The proposed Ordinary Resolution 6, if passed, will give authority to the Directors to allot and issue up to a maximum of ten per centum (10%) of the total number of issued shares of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/ varied by resolution passed by the shareholders in general meeting whichever is the earlier.

By voting in favour, the shareholders of the Company will waive their statutory pre-emptive rights and thus will allow the Directors to issue new shares to any person under the general mandate without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

This new general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

6. **Ordinary Resolution No. 7: Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

For further information on the proposed Ordinary Resolution 7, please refer to the Circular to Shareholders dated 30 April 2024 accompanying the Annual Report 2023.

STATEMENT ACCOMPANYING NOTICE OF 2ND ANNUAL GENERAL MEETING (pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of individual who are standing for election as Directors (excluding Directors standing for re-election)**

There are no individuals who are standing for election as Directors.

2. **General mandate for issue of securities in accordance with Rule 6.04(1) of the ACE Market Listing Requirements**

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements. Please refer to the Proposed Ordinary Resolution 6 as stated in Notice of 2nd AGM of the Company for details.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS FOR THE 2ND ANNUAL GENERAL MEETING ("AGM")

Date	:	Tuesday, 25 June 2024
Time	:	10.00 a.m.
Meeting Venue	:	https://web.vote2u.my
Domain Registration Numbers with MYNIC	:	D6A471702

The 2nd AGM of Zantat Holdings Berhad ("Zantat" or "the Company") will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Vote2U via online platform at <https://web.vote2u.my>.

Shareholders whose names appear on the Record of Depositors ("ROD") as at **14 June 2024** shall be eligible to attend, participate and vote remotely in the meeting, or appoint proxy(ies)/the Chairman of the general meeting to attend, participate and/or vote on his/her behalf.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Agmo Digital Solutions Sdn. Bhd. ("AGMO") via its Vote2U Online website at <https://web.vote2u.my>.

PROCEDURES TO PARTICIPATE IN RPV

Please follow the Procedure to Participate in RPV as summarised below:

BEFORE AGM DAY

A: REGISTRATION

Individual Shareholders

Description	Procedure
i. Shareholders to register with Vote2U online	<p>The registration will open from the day of notice</p> <ol style="list-style-type: none"> Access website at https://web.vote2u.my Click "Sign Up" to sign up as a user. Read the 'Privacy Policy' and 'Terms & Conditions' and indicate your acceptance of the 'Privacy Policy' and 'Terms & Conditions' on a small box. Then click "Next". *Fill-in your details (Note: create your own password). Then click "Continue". Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian). Click "Submit" to complete the registration Your registration will be verified and an email notification will be sent to you. Please check your email. <p>Note: If you have registered as a user with Vote2U Online previously, you are not required to register again.</p> <p>*Check your email address is keyed in correctly. *Remember the password you have keyed-in.</p>

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS FOR 2ND ANNUAL GENERAL MEETING (“AGM”) (CONT’D)

B: REGISTER PROXY

Individual Shareholder/Corporate Shareholder/Nominees Company

Description	Procedure
i. Submit Form of Proxy (hardcopy)	<p>The closing time to submit your hardcopy Form of Proxy is on 23 June 2024 at 10.00 a.m.</p> <p>a. *Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information:</p> <ul style="list-style-type: none"> o MYKAD (for Malaysian)/Passport (for non-Malaysian) number of the Proxy o *Email address of the Proxy <p>b. Submit/Deposit the hardcopy Form of Proxy to the Company at Lot 1013-B, Jalan 2/32A, 6 ½ Miles, Kepong Industrial Area, Jalan Kepong, 52100 Kuala Lumpur</p> <p>Note: After verification, an email notification will be sent to the Proxy and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U Online.</p> <p>*Check the email address of Proxy is written down correctly.</p>

Shareholders who appoint Proxy(ies) to participate the virtual AGM must ensure that the hardcopy Form of Proxy is submitted not less than 48 hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid

ON AGM DAY

A: WATCH LIVE STREAMING

Individual Shareholders & Proxies

Description	Procedure
i. Login to virtual meeting portal - Vote2U Online & watch Live Streaming.	<p>The Vote2U online portal will open for log in starting from one (1) hour before the commencement of the AGM.</p> <p>a. Login with your email and password</p> <p>b. Select the General Meeting event (for example, “Zantat Holdings Berhad 2nd AGM”).</p> <p>c. Check your details.</p> <p>d. Click “Watch Live” button to view the live streaming.</p>

B: ASK QUESTION

Individual Shareholders & Proxies

Description	Procedure
i. Ask Question during AGM (real-time)	<p>Questions submitted online using <u>typed text</u> will be moderated before being forwarded to the Chairman to avoid repetition. Every question and message will be presented with the full name of the shareholder or proxy raising the question.</p>

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS FOR 2ND ANNUAL GENERAL MEETING ("AGM") (CONT'D)

Description	Procedure
	a. Click " Ask Question " button to post question(s). b. Type in your question and click " Submit ". The Chairperson/Board of Director will endeavor to respond to questions submitted by remote shareholders and proxies during the AGM.

C: VOTING REMOTELY

Individual Shareholders & Proxies

Description	Procedure
i. Online Remote Voting	Once the Chairman announces the opening of remote voting: a. Click " Confirm Details & Start Voting ". b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click " Next " to continue voting for all resolutions. c. To change your vote, click " Back " and select another voting choice. d. After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click " Confirm " to submit your vote. Please note that you are <u>not able</u> to change your voting choices after you have confirmed and submitted your votes.

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at this AGM.

Enquiry

- For enquiries relating to the general meeting, please contact our **Company Secretary** during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) at 03-22826331/7331.
- For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact Vote2U helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

Telephone Number: 03-7664 8520 / 03-7664 8521

Email: vote2u@agmostudio.com



ZANTAT HOLDINGS BERHAD
(Registration No. 202101040483 (1440783-X))
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	
CDS Account No.	

I/We _____
(Full Name in Block Letters and NRIC No./Passport No./Registration No.)

of _____
(Address)

being a member of **ZANTAT HOLDINGS BERHAD**, hereby appoint:

PROXY 1

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full Address			

PROXY 2

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full Address			

OR failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our *proxy/proxies, to vote for *me/us and on *my/our behalf at the 2nd Annual General Meeting (“**AGM**”) of the Company to be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on **Tuesday, 25 June 2024 at 10.00 a.m.**, or at any adjournment thereof *for/against the resolutions to be proposed thereat.

Please indicate with a cross (X) in the space(s) provided below 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/she thinks fit.

		PROXY 1		PROXY 2	
		For	Against	For	Against
RESOLUTION 1	To approve the payment of Directors’ fees totalling RM576,000 for the financial year ending 31 December 2024				
RESOLUTION 2	To approve the payment of Directors’ benefits up to an amount of RM28,000 for the financial year ending 31 December 2024 and up to the date of the 3 rd AGM of the Company				
RESOLUTION 3	To re-elect Mr Yap Yoon Kong, who retires in accordance with Article 18.2 of the Company’s Constitution				
RESOLUTION 4	To re-elect Chan Bin luan, who retires in accordance with Article 18.2 of the Company’s Constitution				
RESOLUTION 5	To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration				
RESOLUTION 6	Authority to allot and issue shares by the Directors under Sections 75 and 76 of the Companies Act 2016				
RESOLUTION 7	Proposed Shareholders’ Ratification and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				

*Delete where applicable

Dated this _____ day of _____ 2024

Signature of Member(s) / Common Seal

NOTES:

(A) Information for Shareholders/Proxies

- For the purpose of determining a member who shall be entitled to attend and vote at the 2nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 15.9 of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”), to issue a General Meeting Record of Depositors as at 14 June 2024. Only a depositor whose name appears on the Record of Depositors as at 14 June 2024 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member appoints more than one (1) proxy but not more than two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the SICDA, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- The duly completed and executed Proxy Form must be deposited at the Company’s office at Lot 1013-B, Jalan 2/32A, 6 ½ Miles, Kepong Industrial Area, Jalan Kepong, 52100 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling and to verify the results of the poll.



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“2ND ANNUAL GENERAL MEETING”

**AFFIX
STAMP**

ZANTAT HOLDINGS BERHAD (Registration No. 202101040483 (1440783-X))
Lot 1013-B, Jalan 2/32A, 6 ½ Miles
Kepong Industrial Area, Jalan Kepong
52100 Kuala Lumpur

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www.zantat.com.my




ZANTAT HOLDINGS BERHAD

Registration No. 202101040483 (1440783-X)

Lot 1013-B, Jalan 2/32A, 6 ½ Miles,
Kepong Industrial Area, Jalan Kepong,
52100 Kuala Lumpur, Malaysia.

 +603-6258 5552

 zantat@zantat.com.my