



PMB TECHNOLOGY BERHAD

Registration No. 200201016594 (584257-X)

ANNUAL REPORT 2021

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CORPORATE INFORMATION



BOARD OF DIRECTORS

Tan Sri Dato' Koon Poh Keong
Executive Chairman

Koon Poh Ming
Chief Executive Officer

Koon Poh Weng
Executive Director

Dato' Koon Poh Tat
Executive Director

Loo Lean Hock
Senior Independent Non-Executive Director

Ernest Bong Miau Fatt
Independent Non-Executive Director

Noor Alina Binti Mohamad Faiz
Independent Non-Executive Director

AUDIT COMMITTEE

Loo Lean Hock (*Chairman*)
Ernest Bong Miau Fatt (*Member*)
Noor Alina Binti Mohamad Faiz (*Member*)

REMUNERATION COMMITTEE

Ernest Bong Miau Fatt (*Chairman*)
Loo Lean Hock (*Member*)
Noor Alina Binti Mohamad Faiz (*Member*)

NOMINATION COMMITTEE

Loo Lean Hock (*Chairman*)
Ernest Bong Miau Fatt (*Member*)
Noor Alina Binti Mohamad Faiz (*Member*)

COMPANY SECRETARIES

Tai Yit Chan (*MAICSA 7009143*)
(*SSM PC No. 202008001023*)

Tan Ai Ning (*MAICSA 7015852*)
(*SSM PC No. 202008000067*)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur,
Malaysia.
Tel : 603 - 2783 9299
Fax : 603 - 2783 9222

REGISTERED OFFICE

12th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : 603 - 7890 4800
Fax : 603 - 7890 4650

CORPORATE OFFICE

Lot 1797, Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan,
Malaysia.
Tel : 603 - 8961 5205
Fax : 603 - 8961 1904
Website URL : www.pmbtechnology.com

PRINCIPAL BANKERS

Ambank (M) Berhad
Bangkok Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
(Chartered Accountants)
Level 10, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : 603 - 7721 3388
Fax : 603 - 7721 3399

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting (“20th AGM”) of PMB Technology Berhad will be held at Room Tunku Abdul Rahman, The Royal Commonwealth Society of Malaysia, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 16 June 2022 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**
2. To approve the payment of Directors’ fees and benefits payable to the Independent Non-Executive Directors of up to an aggregate amount of RM190,000 for the financial year ending 31 December 2022. **Ordinary Resolution 1 (Please refer to Note 2 of the Explanatory Notes)**
3. To re-elect the following Directors who are retiring pursuant to Clause 95 of the Constitution of the Company:
 - (i) Tan Sri Dato’ Koon Poh Keong **Ordinary Resolution 2 (Please refer to Note 3 of the Explanatory Notes)**
 - (ii) Puan Noor Alina Binti Mohamad Faiz **Ordinary Resolution 3 (Please refer to Note 3 of the Explanatory Notes)**
4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

To consider and, if thought fit, to pass the following resolutions:

5. **Proposed continuation in office of Mr Loo Lean Hock as Senior Independent Non-Executive Director**

“THAT approval be and is hereby given to Mr Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as a Senior Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting (“AGM”).” **Ordinary Resolution 5 (Please refer to Note 4 of the Explanatory Notes)**
6. **Proposed continuation in office of Mr Ernest Bong Miau Fatt as Independent Non-Executive Director**

“THAT authority be and is hereby given to Mr Ernest Bong Miau Fatt who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.” **Ordinary Resolution 6 (Please refer to Note 5 of the Explanatory Notes)**

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

cont'd

7. **Authority under Section 76 of the Companies Act 2016 (“Act”) for the Directors to allot and issue shares**

“THAT subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 76 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next AGM 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 does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being.”

**Ordinary Resolution 7
(Please refer to Note 6 of
the Explanatory Notes)**

8. **Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature for PMB Technology Berhad and its subsidiaries (“Proposed Shareholders’ Mandate”)**

“THAT approval be and is hereby given to the Company and its subsidiaries (“PMBT Group”) to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 (i) of the Circular to Shareholders dated 29 April 2022 which are necessary for the PMBT Group’s day-to-day operations subject to the following:

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the Proposed Shareholders’ Mandate during the financial year on the type of recurrent related party transactions made, the names of the related parties involved in each type of recurrent related party transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:

- i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders’ Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

**Ordinary Resolution 8
(Please refer to Note 7 of
the Explanatory Notes)**

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

cont'd

9. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

“THAT subject to the Act, the Constitution of the Company, the MMLR of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the Company’s aggregate retained profits as at 31 December 2021 to purchase such amount of ordinary shares in the Company (“**Proposed Renewal of Share Buy-Back Authority**”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

- (i) distribute the shares as share dividends to the shareholders;
- (ii) resell the shares or any of the shares on Bursa Securities;
- (iii) transfer the shares or any of the shares for the purposes of or under an employees’ shares scheme (if any);
- (iv) transfer the shares or any of the shares as purchase consideration;
- (v) cancel all the ordinary shares so purchased; and/or
- (vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Act.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

cont'd

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

**Ordinary Resolution 9
(Please refer to Note 8 of
the Explanatory Notes)**

10. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) (SSM PC NO. 202008001023)

TAN AI NING (MAICSA 7015852) (SSM PC NO. 202008000067)

Company Secretaries

Selangor Darul Ehsan

Date: 29 April 2022

NOTES:

1. A proxy may but need not be a member. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
2. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her 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.
4. The appointment of proxy may be made in a hardcopy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 20th AGM or at any adjournment thereof, as follows:
 - i) In Hardcopy Form
The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Share Registrar's office of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.
 - ii) By Tricor Online System (TIIH Online)
The Form of Proxy can be electronically submitted via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Details for the 20th AGM for further information.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 7 June 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the 20th AGM of the Company shall be put to vote by way of poll.

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will **not be put for voting**.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

cont'd

2. Ordinary Resolution 1 on Directors' Fees and Benefits Payable

Section 230(1) of the Act states that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The total amount of RM190,000 is payable to Independent Non-Executive Directors of the Company which comprises the fees payable as members of Board and Board Committees as well as benefits such as meeting allowances, for the financial year ending 31 December 2022.

3. Ordinary Resolution 2 and 3 on Re-election of Directors

The profile of the Directors who are standing for re-election as per item no. 3 of the Agenda are set out in the Profile of Directors section of the Annual Report 2021.

The Nomination Committee ("NC") has considered the performance and contribution of each of the retiring Directors and has also assessed the independence of the Independent Non-Executive Directors seeking re-election. Based on the recommendation of the NC, the Board is satisfied with the performance and contributions of the retiring directors and supports their re-election based on the following justifications:-

(a) Ordinary Resolution 2 - Re-election of Tan Sri Dato' Koon Poh Keong as Executive Chairman

Tan Sri Dato' Koon Poh Keong has been managing the interface between the Board and the Management by encouraging active participation and allowing dissenting views to be freely expressed during board meetings. He also exercised his due care and carried out his professional duties proficiently during his tenure as Executive Director as well as the Executive Chairman of the Company.

(b) Ordinary Resolution 3 - Re-election of Puan Noor Alina Binti Mohamad Faiz as Independent Non-Executive Director

Puan Noor Alina Binti Mohamad Faiz fulfils the requirements of independence set out in MMLR of Bursa Securities. She remains objective and independent in expressing her view and participating in Board's deliberations and decision making process. Moreover, she is a lawyer by profession, where her expertise and skillset complement the current Board's competencies. She also exercised her due care and carried out her professional duties proficiently during her tenure as Independent Non-Executive Director of the Company.

4. Ordinary Resolution 5 on Proposed continuation in office of Mr Loo Lean Hock as Senior Independent Non-Executive Director

Mr Loo Lean Hock was appointed as an Independent Non-Executive Director on 15 September 2003 and redesignated as Senior Independent Non-Executive Director on 27 February 2006. His term as an independent directors exceeded nine (9) years after 15 September 2012. The Board through the NC has carried out the necessary assessment and is satisfied that Mr Loo Lean Hock is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company. He is also in compliance with the relevant criteria and provisions in the MMLR of Bursa Securities on independent directors. Mr Loo Lean Hock has abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 5.

The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

5. Ordinary Resolution 6 on Proposed continuation in office of Mr Ernest Bong Miau Fatt as Independent Non-Executive Director

Mr Ernest Bong Miau Fatt was appointed as an Independent Non-Executive Director on 30 November 2007. His term as an independent directors exceeded nine (9) years after 30 November 2016. The Board through the NC has carried out the necessary assessment and is satisfied that Mr Ernest Bong Miau Fatt is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company. He is also in compliance with the relevant criteria and provisions in the MMLR of Bursa Securities on independent directors. Mr Ernest Bong Miau Fatt abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 6.

The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

cont'd

6. Ordinary Resolution 7 on Authority under Section 76 of the Act for the Directors to allot and issue shares

The Company had, during its Nineteenth AGM held on 29 June 2021, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 7 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding the working capital or strategic development of the PMBT Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

7. Ordinary Resolution 8 on Proposed Shareholders' Mandate

Ordinary Resolution 8 proposed under item 8 of the Agenda, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with Paragraph 10.09 of the MMLR of Bursa Securities without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the PMBT Group or affecting the business opportunities available to the PMBT Group. The shareholders' mandate is subject to renewal on an annual basis.

For further information on Ordinary Resolution 8, please refer to Part A of the Circular to Shareholders dated 29 April 2022 accompanying the Annual Report of the Company for the financial year ended 31 December 2021.

8. Ordinary Resolution 9 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 9, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held.

For further information on Ordinary Resolution 9, please refer to Part B of the Circular to Shareholders dated 29 April 2022 accompanying the Annual Report of the Company for the financial year ended 31 December 2021.

Personal data privacy:

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing requirements, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROFILE OF DIRECTORS



Tan Sri Dato' Koon Poh Keong
Executive Chairman, Non-Independent
(Malaysian, Male, Aged 61)

Tan Sri Dato' Koon Poh Keong is a Non-Independent Executive Chairman of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. He is also the Group Chief Executive Officer of Press Metal Aluminium Holdings Berhad and Director of Press Metal Berhad. He graduated with a Bachelor of Science in Electrical Engineering from The University of Oklahoma, United States of America, in 1986.

He has more than 30 years of experience in the aluminium industry. He is the brother to Koon Poh Ming, Koon Poh Weng and Dato' Koon Poh Tat as well as a major shareholder of the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Koon Poh Ming
Chief Executive Officer, Non-Independent
(Malaysian, Male, Aged 65)

Mr Koon Poh Ming is a Non-Independent Executive Director and Chief Executive Officer of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. He is also the Executive Vice Chairman of Press Metal Aluminium Holdings Berhad and Director of Press Metal Berhad. He graduated from University of Wales, United Kingdom with a degree in Civil and Structural Engineering in 1981. He is a professional engineer registered with the Board of Engineers, Malaysia and The Institute of Engineers, Malaysia. He has been actively involved in the Primary Aluminium Industries as well as Engineering and Fabrication Industries for more than 30 years.

He is the brother to Tan Sri Dato' Koon Poh Keong, Koon Poh Weng and Dato' Koon Poh Tat as well as a major shareholder of the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF DIRECTORS

cont'd



Koon Poh Weng
Executive Director
(Malaysian, Male, Aged 66)

Mr Koon Poh Weng is a Non-Independent Executive Director of the Company since 15 September 2003. He attended all four (4) Board meetings held during the financial year. He is currently the Executive Director of Press Metal Aluminium Holdings Berhad. His experiences include the management of major projects throughout the country. He has been responsible for all aspects of the management and for producing satisfactory results on large variety of projects ranging from schools, government complexes to prominent hotels.

He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong and Dato' Koon Poh Tat as well as a major shareholder of the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Dato' Koon Poh Tat
Executive Director
(Malaysian, Male, Aged 62)

Dato' Koon Poh Tat is a Non-Independent Executive Director of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. Currently, he is also the Director of Press Metal Berhad and the Executive Director of Press Metal Aluminium Holdings Berhad. He has more than 30 years of experience in the aluminium industry.

He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong and Koon Poh Weng as well as a substantial shareholder of the Company. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF DIRECTORS

cont'd



Loo Lean Hock
Senior Independent Non-Executive
(Malaysian, Male, Aged 62)

Mr Loo Lean Hock was appointed as an Independent Non-Executive Director of the Company on 15 September 2003 and redesignated as Senior Independent Non-Executive Director on 27 February 2006. He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee. He attended all the four (4) Board meetings held during the financial year.

He is a Chartered Accountant of Malaysian Institute of Accountants, a practicing member of Malaysian Institute of Certified Public Accountants, Fellow of Certified Public Accountant Australia; associate member of Chartered Tax Institute of Malaysia; and professional member of Institute of Internal Auditors Malaysia. He obtained his Master in Business Administration from University of Bath, United Kingdom in 1992.

He started his professional career in Coopers & Lybrand from 1980 to 1990. He joined Press Metal Berhad (a subsidiary of Press Metal Aluminium Holdings Berhad) in 1990 as the Financial Controller. After that, he joined The Crown Princess Kuala Lumpur (a hotel division of Asia Pacific Land Berhad) as the Financial Controller. He set up his own auditing firm, L.H. Loo & Co. in 1993 and joint partnership in LG & Partners Plt in 2018. He is also a director of L. H. Loo Taxation Services Sdn. Bhd., LVIO Precision Sdn. Bhd. and IQX Technologies Sdn. Bhd. He has retired as an Independent Non-Executive Director of Press Metal Aluminium Holdings Berhad on 29 June 2021 and currently he does not hold any other directorship in public company and listed issuers in Malaysia.

He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Ernest Bong Miao Fatt
Independent Non-Executive
(Malaysian, Male, Aged 66)

Mr Ernest Bong Miao Fatt was appointed as an Independent Non-Executive Director on 30 November 2007. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He attended all the four (4) Board meetings held during the financial year. He holds a Bachelor of Science Degree in Engineering from University of Wales, United Kingdom. Currently, he does not hold any other directorship in public company and listed issuers in Malaysia. He has been in engineering business for 40 years since 1981. He is a registered competent person for elevators with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia.

He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

PROFILE OF DIRECTORS

cont'd



Noor Alina Binti Mohamad Faiz
Independent Non-Executive
(Malaysian, Female, Aged 47)

Puan Noor Alina Binti Mohamad Faiz was appointed to the Company as an Independent Non-Executive Director on 18 October 2016. She also serves as a member of the Audit Committee, Nomination Committee and Remuneration Committee. She attended all the four (4) Board meetings during the financial year. Presently, she also acts as an Independent Non-Executive Director of Press Metal Aluminium Holdings Berhad.

She graduated with a L.L.B. (Honours) from University of Leicester, United Kingdom in 1996. She is a member of the Middle Temple and was called to the Bar of England and Wales in 1998. Upon being called to the Malaysian Bar in 1999, she began her legal career with Messrs Lee, Perara & Tan, specialising mainly in Corporate Law. She left the firm in 2009 and worked as in-house counsel between 2010 and 2015, where she was the Group General Manager and subsequently Head of Department of the legal and secretarial departments of Media Prima Berhad and Peremba (Malaysia) Sdn Bhd, respectively. In 2016 she provided legal and secretarial consultancy services for various companies before resuming practise in 2017 as the sole proprietor of the Chambers of Noor Alina Faiz. In 2021, she returned to Messrs Lee, Perara & Tan as a Partner.

She has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

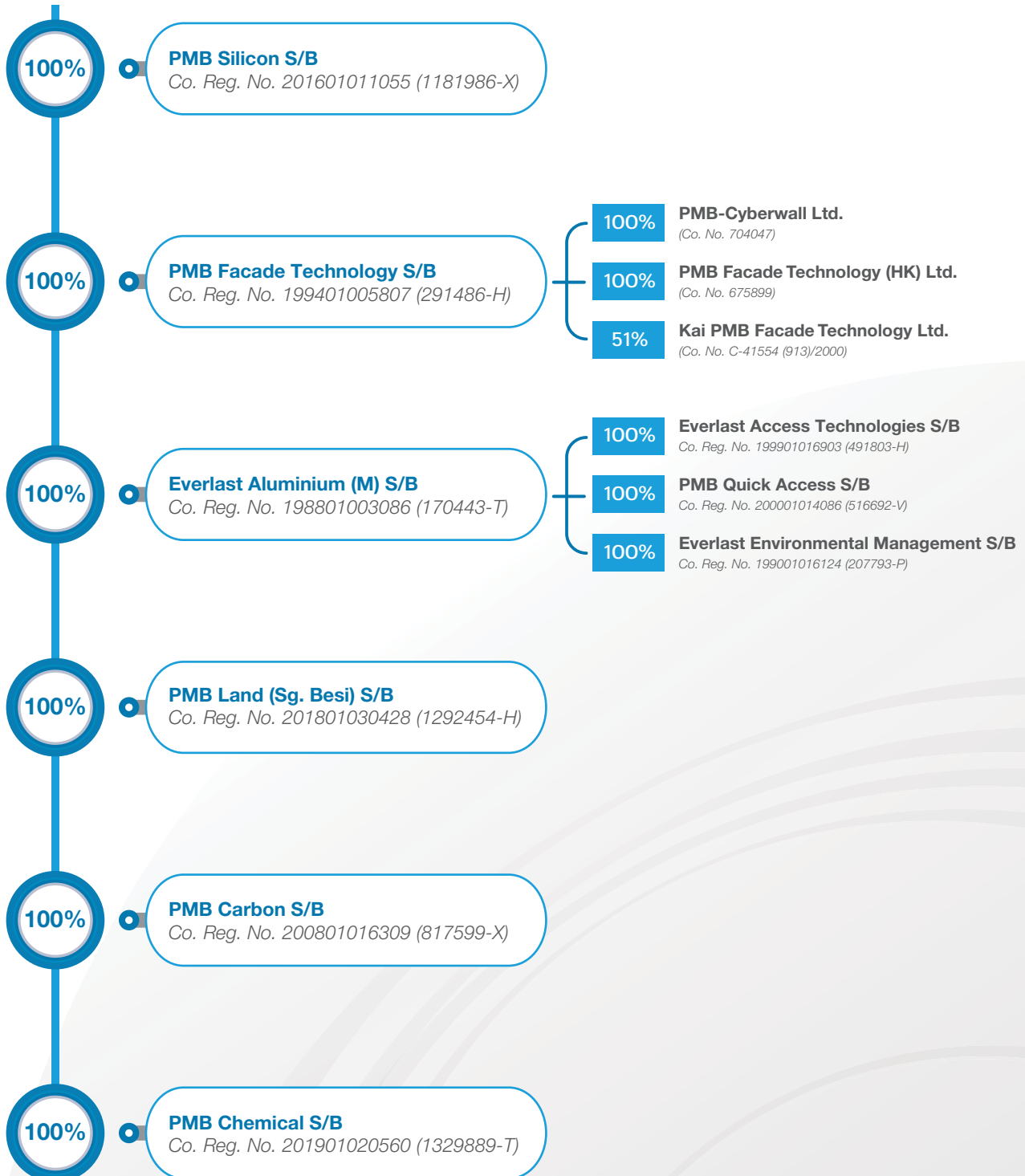
PROFILE OF KEY SENIOR MANAGEMENT

Profiles of Mr. Koon Poh Ming, Mr. Koon Poh Weng and Dato' Koon Poh Tat are set out on pages 9 to 10 of this Annual Report.

GROUP STRUCTURE



PMB TECHNOLOGY BERHAD
Registration No. 200201016594 (584257-X)



GROUP STRUCTURE

cont'd

Details of the subsidiary companies of PMB Technology Berhad are summarised below: -

Name	Date and place of incorporation	Issued and paid-up share capital	Effective Equity Interest (%)	Principal Activities
Subsidiary Companies held directly				
PMB Silicon Sdn. Bhd.	01.04.16 Malaysia	RM200,000,000	100.00	Production and distribution of metallic silicon and related products
PMB Façade Technology Sdn. Bhd. ("PMBF")	05.03.94 Malaysia	RM7,371,370.56	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and manufacturing and trading of aluminium related products
Everlast Aluminium (M) Sdn. Bhd. ("EASB")	07.05.88 Malaysia	RM1,100,000	100.00	Marketing of aluminium and other related products
PMB Land (Sg. Besi) Sdn. Bhd.	23.08.18 Malaysia	RM3,000,000	100.00	Property developer and manufacturing, trading and distribution of Industrial Building System (IBS)
PMB Carbon Sdn. Bhd.	14.05.08 Malaysia	RM10,000,000	100.00	Investment holding company, manufacturing and marketing of carbon based products as well as trading, distribution and fabrication of aluminium related products
PMB Chemical Sdn. Bhd.	12.06.19 Malaysia	RM100	100.00	Dormant
Subsidiary Companies held indirectly through PMBF				
PMB Facade Technology (H.K.) Ltd.	17.05.99 Hong Kong	HKD10,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and other related products
PMB - Cyberwall Ltd.	11.02.00 Hong Kong	HKD13,000,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and other related products
KAI PMB Facade Technology Ltd.	18.10.00 Bangladesh	BDT5,000,000	51.00	Dormant
Subsidiary Companies held indirectly through EASB				
Everlast Access Technologies Sdn. Bhd.	19.08.99 Malaysia	RM3,000,000	100.00	Manufacturing and marketing of aluminium and other related products
PMB Quick Access Sdn. Bhd.	13.06.00 Malaysia	RM1,000,000	100.00	Marketing and rental of scaffolding tower and machinery as well as trading of other related products and to provide relevant transportation services
Everlast Environmental Management Sdn. Bhd.	15.11.90 Malaysia	RM3,000,000	100.00	Dormant

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors which satisfy the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance 2021. Details of the composition of the Audit Committee are as follows:-

Loo Lean Hock (Chairman)

Senior Independent Non-Executive Director

Ernest Bong Miau Fatt (Member)

Independent Non-Executive Director

Noor Alina Binti Mohamad Faiz (Member)

Independent Non-Executive Director

Mr Loo Lean Hock is a Chartered Accountant of Malaysian Institute of Accountants, practicing member of Malaysian Institute of Certified Public Accountants, Fellow of Certified Public Accountant Australia, associate member of Chartered Tax Institute of Malaysia and professional member of Institute of Internal Auditors Malaysia, which is in compliance with Paragraph 15.09(1)(c) of the MMLR of Bursa Securities. In addition, the Chairman of the Audit Committee is a Senior Independent Non-Executive Director and none of the Audit Committee members is alternate director.

TERMS OF REFERENCE

The duties and responsibilities of the Audit Committee are spelt out in the Terms of Reference of the Audit Committee. A copy of the Terms of Reference is available on the Company’s website at www.pmbtechnology.com.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2021, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:-

Audit Committee members	No. of meetings attended
Loo Lean Hock	4/4
Ernest Bong Miau Fatt	4/4
Noor Alina Binti Mohamad Faiz	4/4

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF AUDIT COMMITTEE

The Audit Committee reports regularly to the Board on the activities carried out by the committee in discharging their duties and responsibilities in accordance with its Terms of Reference.

The main activities undertaken by the Audit Committee during the financial year ended 31 December 2021 were as follows:-

1. Financial Reporting

- (a) The Audit Committee had ensured that the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standards (“MFRS”) and Appendix 9B of the MMLR. The following quarterly unaudited financial results as well as the declaration of dividends were reviewed by the Audit Committee before recommending to the Board for approval and release to Bursa Securities:

Subject	Date of Meeting
Unaudited financial results for the fourth quarter ended 31 December 2020 and first interim dividend for the financial year ended 31 December 2020	23 February 2021
Unaudited financial results for the first quarter ended 31 March 2021	27 May 2021
Unaudited financial results for the second quarter ended 30 June 2021	23 August 2021
Unaudited financial results for the third quarter ended 30 September 2021	25 November 2021

For the declaration of interim dividend, the Audit Committee had at its meetings reviewed the solvency test undertaken by Management which confirmed that the Company would be solvent for the next twelve (12) months and would have sufficient funds to pay its debts due within twelve (12) months immediately after the distribution of dividend.

- (b) Reviewed the audited financial statements for the financial year ended 31 December 2020 before recommending the same to the Board for approval.

The review focused primarily on:-

- major judgemental areas, significant and unusual events;
- significant adjustments resulting from audit; and
- the going concern assumptions.

2. External Audit

- (a) Reviewed and discussed with the External Auditors the following:
- The performance, suitability and independence of the External Auditors based on among others, the External Auditors’ technical competency and audit independence, objectivity and professional skepticism before recommending to the Board their re-appointment and remuneration. The External Auditors provide an annual confirmation of their independence in accordance with the terms of their professional and regulatory requirements; and
 - The status of audit for the financial year ended 31 December 2020 including the issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Audit Committee.
- (b) Reviewed, discussed and approved the Audit Plan of the Group inclusive the scope of work of the External Auditors to ensure it adequately covered the activities of the Group for the financial year ended 31 December 2021.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF AUDIT COMMITTEE cont'd

2. External Audit cont'd

- (c) Met with the External Auditors twice during the financial year, i.e. on 23 February 2021 and 25 November 2021 respectively without the presence of any executive Board members and Management to ensure there were no restrictions on their scope of audit and to discuss any matters that the auditors did not wish to raise in the presence of the Management. During the private sessions with the External Auditors, it was noted that there were no major concerns from the External Auditors and they had been receiving full cooperation from the management during their course of audit.
- (d) Reviewed and approved the scope of non-audit services provided by the External Auditors to ensure there was no impairment of independence.

3. Internal Audit

- (a) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency.
- (b) Reviewed and approved the Internal Audit Plan for 2021 to ensure that high risk areas and key process were adequately identified and covered in the plan.
- (c) Reviewed the internal audit reports including follow-up report presented by the Internal Auditors and considered the major findings by the Internal Auditors and management's responses on each of the issues arising from the internal audit as to improve and enhance the systems of internal control of the Group. Amongst others, the following key audit areas were duly reviewed by the Internal Auditors during the financial year under review:-
 - revenue cycle, purchasing cycle, inventory management, group human resource management and payroll function;
 - adequate procedures under new Section 17(A) of the Malaysian Anti-Corruption Commission ("MACC") Act 2009;
 - follow up audit on:-
 - revenue and purchasing cycle; and
 - inventory management, manufacturing operations, quality assurance and project management.
- (d) Monitored the implementation of mitigating actions taken by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.
- (e) Met with the Internal Auditors twice during the financial year, i.e. on 23 February 2021 and 23 August 2021 respectively without the presence of any executive Board members and the Management for discussion on audit related matters. The issues highlighted by the Internal Auditors during the private meetings were conveyed to the Management for further action.

4. Risk Management and Internal Control

- (a) Reviewed the Risk Register of the Group to ensure that any new risk is incorporated into the Risk Register and existing risks are being monitored on an on-going basis.
- (b) Evaluated the overall effectiveness of the system of internal control to ensure the risk management framework is consistently adopted throughout the Group.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF AUDIT COMMITTEE cont'd

5. Related Party Transactions

- (a) Reviewed related party transactions entered into by the Group on quarterly basis.
- (b) Reviewed the Circular to Shareholders in respect of the recurrent related party transactions prior to recommending for the Board's approval to seek shareholders' mandate at the annual general meeting of the Company.

6. Others

- (a) Reported to and updated the Board on significant issues and concerns discussed during the Audit Committee meetings and where appropriate, made the necessary recommendation to the Board.
- (b) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to recommending for Board's approval and inclusion in the Company's Annual Report.
- (c) Reviewed the Aging Report on quarterly basis.
- (d) Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the financial year ended 31 December 2020.
- (e) Reviewed and recommended to the Board on the revised Terms of Reference of Audit Committee.

In all Audit Committee meetings, the Financial Controller was present to report on the financial results of the Group as well as to answer questions posed by the Audit Committee in relation to the financial results to be announced.

INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to a professional service firm, namely Baker Tilly Monteiro Heng Governance Sdn. Bhd. which reports directly to the Audit Committee by providing independent assessment on the adequacy, efficiency and effectiveness of the system of controls and governance processes in the Company and its subsidiaries.

The Internal Auditors has carried out the independent audit assignments on business units of the Group according to the approved annual internal audit plan and the audit is carried out based on Baker Tilly internal audit methodology which is closely consistent with, where applicable, the International Standards for the Professional Practice of Internal Auditing which form part of the International Professional Practices Framework of the Institute of Internal Auditors. The resultant internal audit reports were presented to the Audit Committee for deliberation and forwarded to the Management for their necessary action.

The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that the relevant controls addressing those risks are reviewed on a timely basis.

During the financial year, the outsourced Internal Auditors conducted reviews in accordance with the risk based internal audit plan approved by the Audit Committee. Amongst others, it is encompassing the following activities:

- (a) Performed operational audits on business units of the Group to ascertain the adequacy of the internal control systems and to make recommendations for improvement where weaknesses exist;

Name of entity	Auditable areas
PMB Technology Berhad	1. Group human resource management and payroll function 2. Adequate procedures under new Section 17(A) of the MACC Act 2009
PMB Quick Access Sdn. Bhd.	Revenue cycle, purchasing cycle and inventory management

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION cont'd

- (b) Performed follow-up reviews to ensure that prompt actions on the audit recommendations were taken by the Management;

Name of entity	Auditable areas
Everlast Access Technologies Sdn. Bhd.	Inventory management, manufacturing operations and quality assurance
PMB Façade Technology Sdn. Bhd.	Project management and revenue cycle

- (c) Reviewed related party transactions; and
- (d) Revised and updated the Risk Register for the Group.

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 31 December 2021 was RM49,907.55 (2020 : RM61,308.60).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

PMB Technology Berhad (“PMBT” or “Group”) was incorporated in Malaysia under the Companies Act, 1965 on 26 June 2002 as a public limited company under its present name. PMBT is principally an investment holding company. It was listed on the Second Board of the Bursa Malaysia Securities Berhad on 5 November 2003 and was transferred to the Main Market of the Bursa Malaysia Securities Berhad on 3 August 2009.

PMBT Group complements the activities of its corporate shareholder, Press Metal Aluminium Holdings Berhad (“PMAH”), which is the biggest aluminium smelter in South East Asia.

The businesses and operations of PMBT are related to aluminium and are classified into the following two segments:

- 1) Manufacturing and Trading segment; and
- 2) Construction and Fabrication segment

MANUFACTURING AND TRADING SEGMENT

Our manufacturing and trading segment is principally engaged in the manufacturing and/or distribution of metallic silicon products, access equipment and other aluminium related products and distribution of related building materials.

These business activities are undertaken by the following subsidiary companies:

- PMB Silicon Sdn Bhd
- Everlast Aluminium (M) Sdn Bhd
- Everlast Access Technologies Sdn Bhd
- PMB Quick Access Sdn Bhd
- PMB Carbon Sdn Bhd

CONSTRUCTION AND FABRICATION SEGMENT

The Construction and Fabrication segment is involved in the design, fabricate and installation of aluminium curtain wall, cladding, skylight, façade works and the fabrication and installation of aluminium system formworks.

The subsidiary companies included in this business segment are:

- PMB Façade Technology Sdn Bhd
- PMB Façade Technology (H.K.) Limited in Hong Kong
- PMB-Cyberwall Limited in Hong Kong



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

METALLIC SILICON

The metallic silicon manufacturing is undertaken by one of our subsidiaries i.e. PMB Silicon Sdn. Bhd ("PMB Silicon"). PMB Silicon focuses on producing high-purity silicon metal for these various industries using renown Submerged Arc Furnace technology. The company is certified to ISO 9001 : 2015 and is REACH compliant.

In 2020, PMB Silicon completed Phase 2 of furnace installation which has successfully increased the annual capacity to 72000MT. The production plant is constantly improving its facilities and efficiency to supply to the 3 industries that are major consumers of silicon metal:



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Aluminium Alloy

Aluminium alloys are widely used in engineering structures and components where light weight or corrosion resistance is required.

Significantly lighter than steel, aluminium is now the metal of choice in a range of parts - from the chassis, structural components such as the shock tower and internal panels to housing for motors and the batteries that power electric cars.

To keep electric cars lightweight and ensure they can run a long distance on one charge, car makers are using more of light metals like aluminum.

Silicones

Silicones can take many forms – from liquids to solids – that allow engineers, scientists, inventors and companies to use them as a vital component in thousands of consumer and industrial applications. Whether as fluids, rubbers, gels, resins or mixtures, it is their versatility that makes silicones a key ingredient in products that make our lives better every day. From shampoo and baking moulds to cars, computers and precision engineered spacecraft, silicones can be found in a myriad of applications. Silicones can also be used in renewable energy or energy saving applications; everything from wind turbines to solar panels, LEDs to green tires rely on silicone technology.

They are noted for their ability to function in conditions that would destroy conventional materials. Silicones display a host of unique properties that can lubricate, seal, bond, release, defoam and encapsulate. They can even insulate, waterproof and coat. They do not conduct electricity. They won't harden, crack, peel, crumble or dry out, rot or become brittle with age.

Polysilicon

A high-profile use for silicon metal is in the production of polycrystalline silicon (polysilicon). Polysilicon is the base material for solar cells and semi-conductor chips.

The smartphone, notebook or desktop computer all needs it; the car we drive needs it; and over 90% of all solar panels producing electricity from the sun need it, too.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

ALUMINIUM CURTAIN WALL AND CLADDING

The Group offers a one stop centre, from conceptual design to complete installation and commissioning of the products and services of Aluminium Curtain Wall and Cladding works. Construction Projects are carried out by our in-house façade designers and engineers who are professionally trained and equipped with sound knowledge and experience of the construction industry and local regulation.

PMBT has established itself as an international specialist in the design, fabrication and installation of aluminium curtain wall and cladding industry and is well positioned in the international market.

The curtain wall system is designed not only to provide aesthetic to the building but also to achieve Green Building Index, which is in line with our sustainability commitment.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

ALUMINIUM SYSTEM FORMWORK

The Group also specializes in aluminium system formwork. Aluminium system formwork is a modular, panel system used for the concreting of building structures. It is fabricated entirely from the structural grade aluminium and is one of the most versatile construction system formwork available in today's market. The formwork is custom designed to suit specific project requirements. It can cater for all types of complicated structures that incorporates modern architectural features found in both high rise and low rise buildings.

The aluminium formwork is pre-engineered to rigid tolerances in order to meet the most stringent requirements of building aesthetics, and as a result the formal structure is extremely accurate in dimension and of the highest quality in terms of surface finish.

The system incorporates a quick set up and dismantle system which allows floor cycles of four days to be achieved, without compromising the structural integrity of the building. Each component used in the system is light enough to be handled by one operative, thus there is no need for heavy mechanical lifting equipment or cranes, in its operation. Due to the inherent strength of the aluminium formwork, it can be reused, from project to project. It has been known to achieve more than 300 reuses in building construction.

It is also considered one of the most environmental friendly system of construction where everything is recyclable.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Access Equipment

- **Ladder**

The Group is the leading aluminium ladder manufacturer and the first ladder manufacturer in Malaysia accredited with ISO9001 quality management system in 1999. The Group is also the first ladder manufacturer to produce ladders that are certified to British Standards BS2037 : 1994 and BS EN131 : 1993. It is the Group's aim to further developed ladders complying to international standards to maintain the leadership of the Group in the market as well as to expand internationally.

As the leading ladder manufacturer in Malaysia, the Group prides itself as that it has the widest range of models to supply to both domestic as well as export markets. The increasing range is contributed by a strong Research and Development team which not only creates and upgrades designs that fulfils international certification requirements but also improves production process through the incorporation of the modern technology and automation in ladder manufacturing.

Everlast's ladder is widely distributed throughout Malaysia for more than 30 years. They can be found in most hardware outlets, DIY chains as well as hypermarkets. The brand name is **EVERLAS** synonymous with quality and reliability especially for the range of models that are certified by SIRIM and in compliance with British Standards BS2037 : 1994 and BS EN131 : 1993.

The Group has been exporting aluminium ladders to a growing number of countries over the years and the major ones are United Kingdom, Australia, South Africa, Middle East, Singapore and Indonesia.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



- **Scaffold tower**

Aluminium scaffold tower is a growing industry due to its lightweight and non-corrosive nature. PMBT Group is the largest scaffold manufacturer in Malaysia and has been consistently exporting to neighbouring countries for more than a decade. The scaffold towers manufactured by the Group is certified with BS EN 1004 : 2004 by SIRIM and complies to British Standard BS 1139:1994 (Part 3).

In 2017, PMBT Group secured the CIDB compliant status for its aluminium mobile scaffold tower in Malaysia. All sales and rental aluminium tower component now comes with a unique laser marking as a visual evidence of this CIDB certification.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- **Aerial Working Platform Equipment**

PMBT Group continues to expand its construction supporting facilities through investing in heavy and light machineries. Over the years it has acquired many renown brands under this subsidiary such as Haulotte, Genie and Sinoboam.

Aerial working machineries are made for the purpose of lifting workers, users, tools and light material. The machinery move easily across work sites and provide a safer access to hard-to-reach jobs both indoors and outdoors. The scissor lift and especially boom lifts, allow flexibility to overcome obstacles that might otherwise cost time and money to get around using other traditional methods.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

OBJECTIVES & STRATEGIES

Our objectives are targeted to provide a range of high quality of products and services without compromising on our quality and profitability necessary for our continuity with the aim of meeting all stakeholders' expectation.

The Group also acknowledges the importance of the business sustainability as to create long term value to the stakeholders and community.

Human capital investment in the form of training and education are part of our ongoing priorities besides Research and Development which have been the cornerstone of our business model.

FINANCIAL PERFORMANCE

The Group posted a record-high revenue of RM913.2 million for the year ended 31 December 2021, representing an increase of 51% from RM604.8 million recorded for the year ended 31 December 2020.

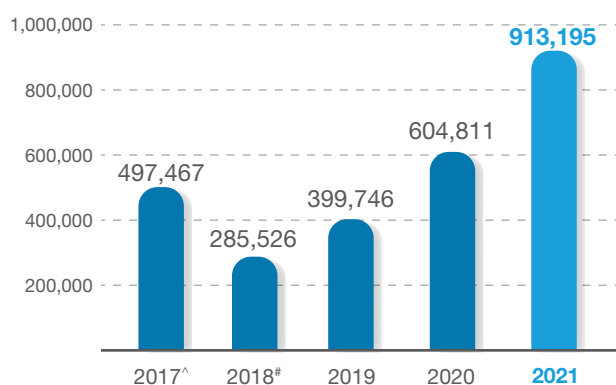
The increase in revenue was mainly due to higher selling price under the Manufacturing and Trading segment.

On the back of higher revenue coupled with the improved contribution from the silicon metal plant, the Group's profit after tax surged from RM22.7 million to RM152.8 million.

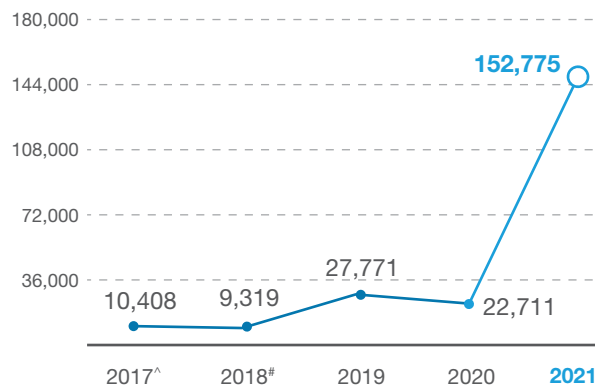
Statement of comprehensive income

	2017 [^]	2018 [#]	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	497,467	285,526	399,746	604,811	913,195
Profit before tax	14,423	10,747	20,397	24,644	193,593
Taxation	4,015	3,894	5,551	1,933	40,818
Profit after tax	10,408	9,319	27,771	22,711	152,775
- Continuing operations		6,853	14,846	22,711	152,775
- Discontinued operations		2,466	12,925	-	-
Dividends	3,099	2,340	5,657	3,071	2,058
Earnings per share (sen) *	6.72	5.95	13.58	11.06	73.29
Dividend payment as % of profit after tax	30%	25%	20%	14%	1%

Revenue (RM'000)



Profit After Tax (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd




Statement of financial position and liquidity

	2017 [^]	2018 [#]	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Total assets	431,147	775,811	1,137,759	1,163,937	1,457,417
Net current assets	69,509	57,495	89,370	33,733	154,839
Shareholders' equity	156,792	357,683	534,833	557,786	724,864
Retained earnings	108,744	115,016	137,094	156,312	306,656
Net asset per share (RM) *	1.01	2.28	2.61	2.72	3.48
Debt-to-equity ratio	0.60	0.60	0.66	0.72	0.61

* Weighted average number of ordinary shares 154,959,600 156,574,150 204,630,150 205,347,406 208,462,186

The financial results were represented to exclude the discontinued operations

[^] Inclusive of the financial results of the discontinued operations

Net assets per share RM3.48 2021 RM2.72 2020  28.1%	Total assets RM1,457.4 Mil 2021 RM1,163.9 Mil 2020  25.2%	Shareholders' equity RM724.9 Mil 2021 RM557.8 Mil 2020  30.0%
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REVIEW OF OPERATING ACTIVITIES AND STRATEGIES

Generally, almost all of the commodity prices increased significantly in year 2021 including silicon metal.

The manufacturing of silicon metal remains as the Group's primary business activity. The Group has benefited from the improved selling price especially towards the fourth quarter of year 2021. In the 2nd half of 2021, silicon metal prices in China hit record high levels, surging by 180% within a month and nearly 20% in 2 consecutive trading days. At the peak, prices were almost 6 times higher than prices observed in the 1st half of the year. Under the dual control policy, provinces that failed to achieve targets for total energy consumption and energy intensity which included many silicon metal producing provinces were restricted in terms of energy consumption. Concerns over major supply disruptions due to the implementation of power rationing and output restrictions created a massive panic among market participants, explaining the dramatic movement in prices. Other markets reacted to the developments in China, resulting in prices breaching record levels around the world, exposing the vulnerabilities of global markets to supply shocks coming from China. During this period, producers that had available material for supply were rewarded with unprecedented returns. In the middle of October, when the market learned that actual output cuts were less than expected, prices started to retreat towards more sensible levels.

To partially mitigate the risk of fluctuation in foreign currency rates, the Group entered into long term forward exchange contracts to hedge its export sale proceeds and making payment for raw materials in the same foreign currency as the sale proceeds as a natural hedge mechanism. The Group aims to strengthen and further develop its customer network in order to better manage the fluctuations in demand across markets and consumer groups. In raw material procurement, the Group will focus on ensuring security of supply at all times to minimise the risk of disruptions to our output levels. The Group will also seek to manage the fluctuations in raw material prices by strategically pursuing advantageous long term supply agreements with established vendors to reduce exposure to adverse movements on the spot market.

The aluminium related businesses remain an integral part of the Group's operations and is expected to contribute positively to the Group.

In order to stay competitive, the Group will also continue to focus its efforts by evaluating and investing in new technologies and machineries to improve its efficiency and productivity.

All three elements of ESG: environmental, social and governance are seeing increasing scrutiny. Strong ESG performance as non-financial criteria for both investment and trading decisions is associated with many important benefits and financial outcomes. We are aligning ourselves to continue boosting our ESG performance.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY DEVELOPMENT

While both Phase 1 and Phase 2 with a combined annual installed capacity of 72,000 MT have been running at full capacity, the Group continued to seek for expansion. On 15 December 2021, the Group managed to secure additional power of 25MW for its Phase 3 expansion by signing a legal binding term sheet with Syarikat SESCO Berhad, a wholly owned subsidiary of Sarawak Energy Berhad. The capital expenditure for Phase 3 is expected to be financed by both bank borrowings and internal fund. With a total power of 129MW, the Group is set to achieve greater economies of scale, targeting in year 2023.

Besides, the Group has on 30 March 2022, entered into a memorandum of understanding with Sabah Oil & Gas Development Corporation Sdn Bhd to explore the development and operation of a new silicon metal production plant in Sabah, with sufficient, constant and steady supply of natural gas at acceptable rates to the Group, by way of a sub-lease/sale of approximately 200 acres of land located in Sipitang Oil and Gas Industrial Park located at Mengalong, District of Sipitang, Sabah.

GOING FORWARD

The global economic recovery is expected to slow down after the Russian invasion of Ukraine in February this year. The sanctions imposed by the United States, Europe, and G7 countries against Russia resulted in supply chain disruptions and also adversely affected the trade volume and prospects for global economic growth. It also triggered higher global commodity prices, especially food, energy and metal and resulted in higher global inflation. To tame the inflation pressure, interest rates is expected to hike in the near future.

The current uncertainty surrounding energy costs and semiconductor supply continue to affect the market dynamics of the silicon metal industry. Record breaking energy prices especially in Europe, dragged down the profits of energy intensive industries, with many companies curbing output and some even completely halting production. The ongoing semiconductor shortage continues to weigh on global automotive output. Suppliers to the automotive industry are adopting a wait-and-see approach, preferring to hold lower levels of raw material inventory until there are clearer signs of a recovery in automotive production.

The silicon metal industry in China is heading towards further integration of upstream and downstream production where a larger share of total silicon production capacity will be controlled by end consumers. Another development is the increasing concentration of silicon metal capacity among the top producers as industrial policies accelerate the elimination of smaller producers that run outdated production facilities. In the longer term, the combination of rapid growth in demand from downstream sectors and slower production gains will result in a reduced emphasis on exports. This means that an increasing amount of non-Chinese supply will be required to cater to global demand.

In the longer run, growth in global demand for aluminium alloys, silicones and polysilicon is expected to be strong due to the important role they play in the development of energy saving technologies and end products. There is a long runway for growth in the production of electric vehicles and solar panels as they are both critical products for many countries seeking to decarbonise their economies. Silicon metal, being an essential raw material in the value chain of these industries, will experience commensurable long term growth in demand.

However, strong global demand for silicon metal on its own will not guarantee success for producers of the metal. Producers that will benefit the most from the exciting growth prospects of the industry will be those that constantly achieve high levels of operational efficiency and those that succeed in continuously driving costs down. The Group will continue to pay close attention to matters that are within our control-continuous improvement of operational efficiency, building a cost-conscious culture and strong cash flow management. Accomplishing good results in these areas will place the company in a good position to achieve industry leading performance, regardless of business cycle.

Other business opportunities are being actively sought after in sustainable ventures. The Group will also focus on improving efficiency and productivity by strengthening its processes and investing in technology.

The Group does not have a dividend distribution policy in place, whereby dividend will only be distributed based on its financial results.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of PMB Technology Berhad (“**PMBT**” or the “**Company**”) is dedicated towards fostering a healthy corporate governance culture within the Company and its subsidiaries (collectively referred to as the “**Group**”). The Board acknowledges that upholding good corporate governance is paramount to its value creation process. The Board believes that maintaining good corporate governance is key to delivering stakeholders’ value. In making this Corporate Governance Overview Statement, the Company is guided by Practice Note 9 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and the Corporate Governance Guide (4th edition) issued by Bursa Securities. The Corporate Governance Overview Statement is supported with a Corporate Governance Report, based on a prescribed format as outlined in paragraph 15.25(2) of the Listing Requirements and are developed with reference to the guidance and application of the Company’s corporate governance practices against the Malaysian Code on Corporate Governance 2021 (“**MCCG**”). The Corporate Governance Report is available on the Company’s website, www.pmbtechnology.com as well as via an announcement on the website of Bursa Securities.

The Corporate Governance Report provides the details on how the Company has applied each Principles and Step-Ups as set out in the MCCG during the year. PMBT will further enhance its MCCG adoption and put in effort to adhere to all recommended best practices from time to time.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Clear roles and responsibilities

During the financial year 2021, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2022. The Board, together with Management, reviewed the Group’s strategy and the Board had satisfied itself that all appropriate considerations have been taken into account in the formulation of the Group’s strategy.

In addition to strategic matters, the Board, amongst others, is also responsible for the following key matters:

- Engendering an ethical culture across all levels of the Group;
- Reviewing and approving the annual and quarterly results;
- Overseeing the business and financial operations;
- Overseeing succession planning for the Board and key senior management personnel;
- Identifying and managing principal risks; and
- Maintaining two-way relationship with stakeholders.

The Board is accountable and responsible for the performance and affairs of the Company by overseeing and appraising the Group’s strategies, policies and performance.

All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to the Board Committees, Director, employee or other persons subject to ultimate responsibility of the directors under the Companies Act 2016.

2. Separation of positions of the Chairman and Chief Executive Officer

Tan Sri Dato’ Koon Poh Keong (a co-founder of the Company), is the Executive Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board’s governance process whilst Mr Koon Poh Ming (also a co-founder) is the Chief Executive Officer (“**CEO**”) of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

2. Separation of positions of the Chairman and Chief Executive Officer cont'd

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and CEO are distinct and separate to engender accountability and facilitate clear division of responsibilities for ensuring there is a balance of power and authority in the Company. The segregation of roles also facilitates a healthy open, exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between Board and Management. The CEO is responsible for executing the Company's strategies, policies and day-to-day management of the business with powers, discretions and delegations authorised from time to time by the Board as well as act as the Company's spokesperson. The details of the responsibilities of the Chairman and CEO are clearly set out in the Board Charter.

3. Company Secretary

The Board is supported by qualified and competent Company Secretaries. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, and its compliance with regulatory requirements, corporate governance and legislations. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries also keep the Directors and principal officers informed of the closed period for trading in the Company's shares.

The Company Secretaries ensure that deliberations at Board and Board Committees meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending the relevant training programmes/conferences.

4. Supply and Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished.

In furtherance to this, every Director has access to all information within the Company. The Directors have access to information through the following means:

- Management attend Board and Board Committees meetings by invitation to report areas of the business within their responsibilities including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's decision making and effective discharge of the Board's responsibilities.
- The Board and Board Committees papers are prepared and are issued to the Directors and Board Committees members within reasonable period before the respective meetings to enable them to receive the information in a timely manner.
- The Audit Committee meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system, financial reporting and risk management. The Audit Committee Chairman then will report to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

4. Supply and Access to Information cont'd

Besides direct access to the Management, Directors can obtain independent professional advice at the Company's expense on the implementation of risk management system during the year under review in accordance with established procedures set out in the Board Charter in furtherance of their duties.

To facilitate robust discussions, all Board and Board Committees' meetings are furnished with proper agenda with due notice issued. The board papers and reports are prepared by the Management to provide updates on financial, operational, legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meetings.

PMBT strives to reduce carbon emissions and go paperless to help the environment. All the board papers and reports for Board and Board Committees' meetings are being circulated to Directors via e-paper software since year 2020. All the Directors can easily access to the meeting materials at anywhere and anytime.

5. Board Charter

The Board has formalised a Board Charter which delineates the responsibilities of the Board, Board Committees and individual Directors, including the matters that are solely reserved for the Board's decision. The Board Charter also serves as a primary induction literature that guides newly appointed and existing Board members on their duties and functions of the Board and Board Committees.

Key matters solely reserved for the Board includes conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions, material acquisitions and disposition of assets not in the ordinary course of business, strategic investments, mergers and acquisitions and corporate exercises, limits of authority, key human resource issues, treasury and risk management policies.

The Board Charter is published on the Company's website at www.pmbtechnology.com and periodically reviewed as well as updated as and when the need arises in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. This is to ensure the Board Charter always stay relevant with the Board's objectives, current law, regulations and practices.

6. Code of Conduct and Code of Ethics

The Board acknowledges its role in setting the "tone at the top" and creating an ethical culture that will form the very fabric of the Group's conduct. To this end, the Board has adopted and implemented a Code of Conduct for Directors, Management and employees of the Group as well as Code of Ethics for the Board.

The basic principles have been carried out by having appropriate regards to the interests of the Company's customers, shareholders, people, business partners and the broader community in which the Company operates.

The Code of Conduct and Code of Ethics can be found on the Company's website at www.pmbtechnology.com.

7. Whistle-Blowing Policy

The Whistle-Blowing Policy serves as a guide to the employees on how to raise genuine concerns related to possible improprieties on matters relating to financial reporting, compliance and other malpractices at the earliest opportunity and in an appropriate way.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

7. Whistle-Blowing Policy cont'd

The Board has adopted the Whistle-Blowing Policy with the aim that the employee or stakeholder can report and disclose through established channels on any improper or unethical activities relating to the Company and its group of companies. The Whistle-Blowing Policy is available on the Company's website at www.pmbtechnology.com.

8. Conflict of Interest

The Group and all employees shall not allow any conflict of interest, bias or undue influence of others to override their business and professional judgement. They shall declare to those concerned, all matters that could impair their objectivity. Disciplinary action shall be taken against the employee in the event of any violation of the regulations or act.

9. Sustainability Policy

The Company has established a Sustainability Policy. The Company is committed and mindful to operate in a sustainable manner in order to generate economic value to its stakeholders and add value to society. Details of the Company's sustainability activities in 2021 are disclosed on pages 47 to 76 of this Annual Report.

10. Anti-bribery and Anti-corruption Policy

The Company has adopted an Anti-bribery and Anti-corruption Policy ("**ABAC Policy**"), providing guidance in dealing with and preventing acts of bribery and corruption. Policies and procedures has been established and implemented with a measure of assurance and a defense against corporate liability for corruption. The relevant trainings have also been provided to all the employees for the understanding and adherence of the ABAC Policy. The ABAC Policy is available on the Company's website at www.pmbtechnology.com.

II. Board Composition

1. Board Composition and Balance

During the financial year under review, the Board has seven (7) Directors, comprising the Executive Chairman, the CEO, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company fulfills Paragraphs 15.02(1) of the Listing Requirements which stipulates that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors.

The composition and size of the Board is reviewed annually to ensure its appropriateness and effectiveness. The Board is satisfied that the current composition of Directors provides the right balance and size between Executive Directors and Non-Executive Directors with appropriate mix of relevant skills, knowledge and industry experience required to promote all shareholders' interests and to govern the Company effectively.

Mr Loo Lean Hock is the Senior Independent Non-Executive Director to whom concerns on matters relating to Corporate Governance of the Company could be conveyed. The Independent Directors fulfills a pivotal role in providing unbiased and independent views, advice and judgement, taking into account the interest not only of the Company but also shareholders, employees, customers and communities in which the Company conducts business.

The profile of each Director is set out on pages 9 to 12 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

2. Board Independence

The Board is mindful on the importance of independence and objectivity in its decision making process which is in line with MCCG.

The Board delegates to the CEO who is supported by an executive management team, implements the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders through excelling in manufacturing/ distribution of metallic silicon, access equipment or other aluminium related products.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts business. The Board, via Nomination Committee assesses each Director's independence to ensure ongoing compliance with this requirement annually. The Nomination Committee and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors meet the independence criteria prescribed by the Listing Requirements. The Board opined that the Independent Directors are able to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and the Board Committees.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company, is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

Presently, the Board has three (3) Independent Directors, namely Mr Loo Lean Hock (Senior Independent Director), Mr Ernest Bong Miao Fatt and Puan Noor Alina Binti Mohamad Faiz, representing 42.86% of the Board. During the financial year under review, the Board and the Nomination Committee assessed their independence to ascertain if they display a strong element of detached impartiality and found them to be independent and objective during Board's deliberations.

The Board is aware of the recommended tenure of an Independent Director who should not exceed a cumulative term of nine (9) years as recommended by MCCG and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years tenure. Furthermore, the Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent Director after the respective Independent Director has served a cumulative term of nine (9) years. As at the date of this Statement, both Mr Loo Lean Hock and Mr Ernest Bong Miao Fatt have exceeded nine (9) year tenure. Upon the annual assessment and evaluation carried out by the Nomination Committee on 24 February 2022, the Board is satisfied that both Mr Loo Lean Hock and Mr Ernest Bong Miao Fatt are able to exercise independent and objective judgment and act in the best interests of the Company, and thus, recommending to the shareholders to retain them as Independent Non-Executive Directors at the upcoming Twentieth Annual General Meeting ("**AGM**").

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

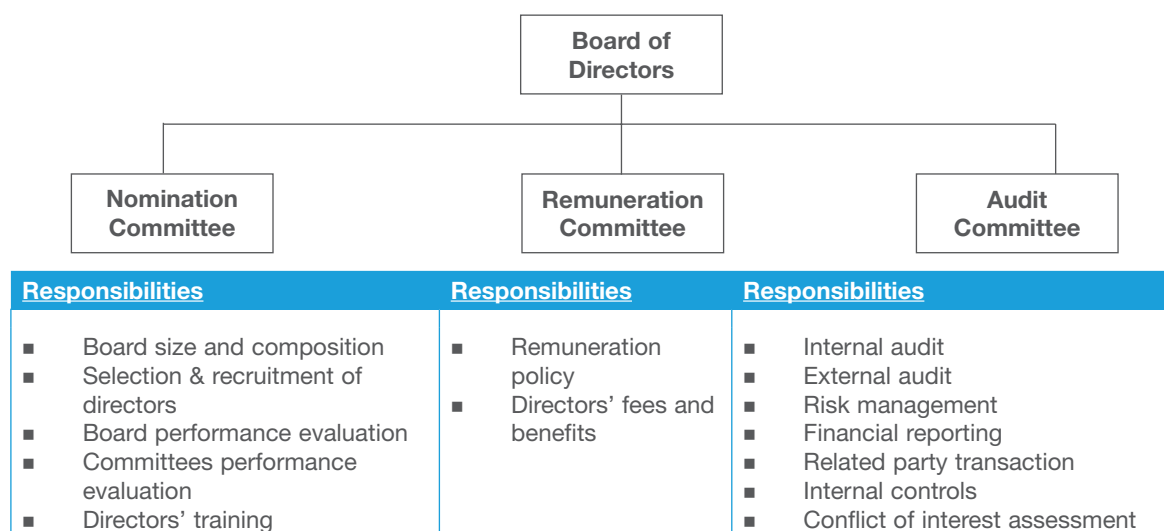
II. Board Composition cont'd

3. Board Committees and Delegation

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advice:

- Nomination Committee;
- Remuneration Committee; and
- Audit Committee.

The following diagram shows a brief overview of the three (3) main Board Committees of the Company, each of which is explained in further detail as below:



Each Board Committee operates in accordance with the written terms of reference approved by the Board. The Board reviews the terms of reference of the Board Committees from time to time. The terms of office and performance of the Audit Committee is reviewed on annual basis by the Nomination Committee. The Board approves the appointments of the members and the Chairman of each Committee.

For day-to-day operations, the Board has delegated authorities and power to some level of Management including the CEO and Executive Directors. The CEO and Executive Directors each command their own respective functions to ensure the smooth running of the Company's operations. The CEO and Executive Directors are responsible for the implementation of board policies approved by the Board and are required to report and discuss at Board meetings all material issues currently or potentially affecting the Group and its directions, projects and regulatory development.

4. Directors' Commitment

The Board endeavors to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advanced before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

4. Directors' Commitment

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

The Board met four (4) times during the financial year under review. The details of Directors' attendance are set out as follows:

Name of Directors	Number of Board meetings attended/held during the Director's term in office
Tan Sri Dato' Koon Poh Keong (Executive Chairman)	4/4
Koon Poh Ming (Chief Executive Officer)	4/4
Dato' Koon Poh Tat (Executive Director)	4/4
Koon Poh Weng (Executive Director)	4/4
Loo Lean Hock (Senior Independent Non-Executive Director)	4/4
Ernest Bong Miau Fatt (Independent Non-Executive Director)	4/4
Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director)	4/4

The Board is satisfied that each individual Director of the Company is committed to the Board and has a good attendance record for meetings for the financial year 2021. All Directors complied with the minimum attendance of at least 50% of Board meetings held in the financial period pursuant to the Listing Requirements. In addition, Board members are well prepared, having read the Board papers and all background materials before every Board meeting.

The Board, via Nomination Committee reviews annually the time commitment of the Directors and ensures that they are able to carry out their own responsibilities and contributions to the Board. It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the Listing Requirements allows a Director to sit on the board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

In order to enable Directors to sustain active participation in Board deliberations, the Directors have access to continuing education programmes or trainings. The Directors have devoted sufficient time to update their knowledge and enhance their skills by attending trainings facilitated by third party experts to keep themselves updated on the latest market and regulatory developments that may impact the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

5. Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and is chaired by Mr Loo Lean Hock, the Senior Independent Non-Executive Director. The composition of the Nomination Committee is as follows:

Name	Designation
Loo Lean Hock (Senior Independent Non-Executive Director)	Chairman
Ernest Bong Miau Fatt (Independent Non-Executive Director)	Member
Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director)	Member

The Nomination Committee is responsible for making recommendations to the Board on the most appropriate Board size composition to ensure it is collectively able to discharge its duties in an informed and conscientious manner. In discharging its responsibilities, the Nomination Committee has developed certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nomination Committee considers the following factors, the details as set up in the Terms of Reference of the Nomination Committee, which is available for reference at the Company's website, www.pmbtechnology.com:

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- commitment (including time commitment) and contribution;
- background, character and competence;
- boardroom diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors based on the criteria set out in the Listing Requirements.

In addition, the Nomination Committee is also responsible for making recommendations on the desirable competencies, experience and attributes of the Board members and strategies to address Board diversity.

The Board may appoint an individual to be a Director by having selection process for new appointees as recommended by the Nomination Committee to the Board. The appointed individual will stand for re-election at the next AGM in accordance with the Constitution of the Company. The suitable candidates to be considered for the appointment as Directors are facilitated through recommendations from the Directors, Management and shareholders of the Company. Besides that, the Nomination Committee can also utilise independent services to identify suitably qualified candidates, if necessary. The Nomination Committee will assess and consider the suitability of the candidates based on the criteria set before recommending to the Board for appointment.

The Nomination Committee will arrange for the induction for any new appointment such as visits to the Groups' significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

5. Nomination Committee cont'd

During the financial year 2021, the Nomination Committee had held one (1) meeting and was attended by all its members to carry out the following activities:-

- (i) Assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director;
- (ii) Reviewed the composition of the Board and the Board Committees;
- (iii) Assessed the independence of its Independent Directors;
- (iv) Reviewed the character, experience, integrity, competence and time commitment of the CEO and Financial Controller;
- (v) Reviewed trainings accomplished by the Directors and determined the training needs for each Director;
- (vi) Assessed and recommended to the Board the re-election of Directors;
- (vii) Reviewed and recommended Independent Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company;
- (viii) Reviewed the term of office and performance of the Audit Committee and each of its members; and
- (ix) Reviewed the Term of Reference of the Nomination Committee.

6. Diversity

The Company endeavours to have a balanced representation by taking into consideration a range of different skills, age, gender, ethnicity, backgrounds and experiences represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversified viewpoints and the effective governance of the Company. The Board had adopted a Diversity Policy and will continue to promote diversity for the Board and workforce of the Group. Among others, factors that will be taking into consideration for diversity including age, gender, ethnicity, nationality and cultural background to strengthening the Group's performance. The Board also undertake adequate measures such as incorporate specific quantitative benchmarks (e.g. percentage of age, gender, ethnicity, nationality and cultural background at the Board and Senior Management level) to promote the diversity for the Board and workforce of the Group as well as maintain and improve the performance of the Group.

Presently, the Board has one (1) woman Director, i.e. Puan Noor Alina Binti Mohamad Faiz, representing 14.29% of the total number of Board members. In furtherance, based on the following summary of the employment gender diversity, the Board is of the view that there is balanced gender diversity at Executive and Managerial levels of employees in the Company during the year under review.

CATEGORY OF EMPLOYEES	Female	Male	Total
Non-Executive	49	827	876
Executive	41	64	105
Managerial	16	37	53
Total No. of Employees	106	928	1034

7. Board Assessment and Annual Evaluation

The Nomination Committee facilitates and organises the yearly board evaluation to assess the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors, the contribution of each individual Director; the effectiveness of the Board as a whole and the Board Committees as well as the independence of the Independent Directors. The evaluation process is supported by the Company Secretaries via questionnaire. The Nomination Committee reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

7. Board Assessment and Annual Evaluation

The assessment and comments by Directors are summarised, then discussed at the Nomination Committee meeting prior to reporting at the Board meeting by the Nomination Committee's Chairman. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.

From the performance assessment conducted by the Nomination Committee on 24 February 2022, it was concluded that the Board as a whole, Board Committees and individual Directors have discharged their respective roles and responsibilities in a commendable manner. The Board was also comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix. All the Directors have diverse and relevant range of skills, background, knowledge and experience to give insight opinions on decision-making for the Group; and the Chairman possesses the leadership to safeguard the stakeholders' interest.

8. Re-election to the Board

In accordance with the Company's Constitution, all the Directors shall retire at least once in every three (3) years and the retiring Director shall be eligible for re-election at the AGM of the Company.

Upon the recommendation from the Nomination Committee, the Board is proposing the re-election of Tan Sri Dato' Koon Poh Keong and Puan Noor Alina Binti Mohamad Faiz as Directors pursuant to Clause 95 of the Constitution of the Company, at the forthcoming Twentieth AGM and being eligible, they have offered themselves for re-election.

9. Directors' Training

The Board, via the Nomination Committee, continues to identify for the Directors to attend appropriate briefings, seminars, conferences and courses to keep abreast with changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they need to continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and regulatory requirements.

The Directors have attended individually or collectively the various training programmes and briefings, amongst others, the following:

- Deferred Tax Under MFRS 112/MPERS Section 29
- Applying ISAs in A Pandemic Environment
- Accounting For Tangible and Intangible Assets
- MFRS 132 & 9 Financial Instruments The Basics
- MIA Webinar Series: Payments to Directors - What's Allowed and What's Disallowed
- MIA Webinar Series: Fraud and Financial Scandals: Trends, Red Flags and Mitigations
- Corporate Liability Provision under Section 17A of Malaysian Anti-Corruption Commission Act 2009

The Company Secretaries briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the Listing Requirements, the MCCG and the Companies Act 2016. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

III. Remuneration

Remuneration Committee

The Remuneration Committee established sets of policy, framework and reviews the remuneration of Directors which is linked to strategy and/or performance or long term objectives of the Company to ensure that the Company is able to attract and retain capable Directors. The Executive Directors' remunerations are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

The Company's Remuneration Committee comprises wholly Independent Non-Executive Directors, as follows:

Name	Designation
Ernest Bong Miau Fatt <i>(Independent Non-Executive Director)</i>	Chairman
Loo Lean Hock <i>(Senior Independent Non-Executive Director)</i>	Member
Noor Alina Binti Mohamad Faiz <i>(Independent Non-Executive Director)</i>	Member

The determination of the remuneration packages is a matter for the Board as a whole. The Executive Directors concerned are abstained from deciding their own remuneration but may attend the Remuneration Committee meetings at the invitation of the Chairman of the Remuneration Committee if their presence is required.

The Remuneration Committee held one (1) meeting during the year under review and all the Remuneration Committee members had attended the meeting. The Remuneration Committee reviewed and recommended the remuneration of the CEO and Executive Directors of the Company for Board's approval pursuant to the Terms of Reference of Remuneration Committee. The Non-Executive Directors' fees and benefits payable to Directors have also been reviewed and recommended by the Remuneration Committee to the Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Companies Act 2016. No Director is involved in deciding his own remuneration.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the demands, complexities and performance of the Company as well as skills and experience required, but without paying more than is necessary to achieve this goal.

The level of remuneration for Senior Management is recommended by the Remuneration Committee to the Board after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. The Remuneration Policy is available at the Company website, www.pmbtechnology.com.

The details of the Directors' Remuneration for the financial year ended 31 December 2021 are disclosed in the Corporate Governance Report under Practice 8.1.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

1. Composition

The Board upholds the integrity in financial reporting. The Audit Committee is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management, compliance systems and practices, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The Audit Committee is also responsible in ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

The Audit Committee comprises three (3) members all of whom are Independent Non-Executive Directors, with Mr Loo Lean Hock as the Audit Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, number of meetings and attendance of Audit Committee, summary of Audit Committee activities and Internal Auditors' activities during the financial year under review are set out on pages 15 to 19 under Audit Committee Report of this Annual Report.

The Audit Committee has in its terms of reference that a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. Alongside, the Audit Committee has the procedures to assess the suitability, objectivity and independence of the External Auditors which is contained in the Terms of Reference of the Audit Committee.

2. External Auditors

The External Auditors report directly to the Audit Committee. The Audit Committee took into account the openness in communication and interaction with the External Auditors, KPMG PLT through discussions at private meetings without the presence of the Management and Executive Directors, which demonstrated their independence, objectivity and professionalism.

The Audit Committee assesses the suitability, objectivity and independence of the External Auditors on annual basis by taking into consideration the adequacy of the experience and resources of the audit firm and obtains the written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements including Malaysian Institute of Accountants.

The Audit Committee was satisfied with the performance of External Auditors based on the quality of services and sufficiency of resources they provided to the Group. In view of the satisfaction on the service provided, the Board had approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the reappointment of KPMG PLT as the External Auditors of the Company for the financial year ending 31 December 2022.

The activities relating to the External Auditors are provided in the Audit Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board recognises its responsibilities over the Company's internal control and risk management framework.

The Board has an established Risk Register for identifying, evaluating and managing significant risks which may affect the Company's business objectives. The Board through its Audit Committee regularly reviews this process to ensure the internal control and risk management frameworks are adequate and effective.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

II. Risk Management and Internal Control Framework cont'd

Details on internal control and risk management framework are set out on pages 77 to 79 in the Statement on Risk Management and Internal Control in the Annual Report. The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework policy and overseeing the Group's strategic risk management and internal control framework. The Audit Committee assists the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of risk management of the Group. The Audit Committee processes are designed to establish a proactive framework and dialogue in which the Audit Committee, the Management, External and Internal Auditors are able to review and assess the risk management framework.

The Company outsourced its internal audit function to a professional service firm, namely Baker Tilly Monteiro Heng Governance Sdn. Bhd. who reports directly to the Audit Committee. The outsourced Internal Auditors undertook an independent assessment on the internal controls of the various operating units within the Group and assured the Audit Committee that no material issue or major deficiency had been noted which would pose high risk to the overall system of internal control under review.

The Audit Committee met with Internal Auditors twice a year without the presence of the Management and Executive Directors during the financial year to allow discussion of any issues arising from the audit exercise or any other matters, which the Internal Auditors wished to raise and discuss to ensure the effectiveness of the internal audit function.

The resources and scope of work covered by the internal audit function during the financial year under review, including its observations and recommendations, is provided in the Audit Committee Report set out on pages 18 to 19 of this Annual Report.

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

I. Communication with Stakeholders

The Board has formalised a corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders not only to comply with the disclosure requirements as stipulated in the Listing Requirements, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the Listing Requirements.

The Board has also established a dedicated section for corporate information on the Company's website www.pmbtechnology.com where information on the Company's announcements, financial information, share prices, annual report and corporate governance report may be accessed. It also contains all announcements made to Bursa Securities as well as the contact details to address any queries.

It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. Further update of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.

The Group has in place a Corporate Disclosure Policies and Procedure to comply with the disclosure requirements as stipulated in the Listing Requirements and also setting out the persons authorised and responsible to approve and disclose material information to the stakeholders. A copy of the Corporate Disclosure Policies and Procedure is available on the Company website, www.pmbtechnology.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS cont'd

II. Conduct of General Meetings

The Board is aware that AGM is the primary platform for two-way communication between the shareholders and the Board. During the meeting, shareholders have the opportunities to enquire and comment on the Group's performance and operations.

Currently, the Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. This, besides in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of Listing Requirements which call for a 21-days' notice period for public companies or listed issuers, it is also in accordance with Practice 13.1 of the MCGG.

The Notice of AGM is circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the Notice of AGM and make the necessary preparations for the AGM.

Due to the COVID-19 outbreak and as part of the safety measures, the Company had conducted its fully virtual AGM, i.e. Nineteenth AGM ("**19th AGM**") through live streaming and online meeting platform by using Remote Participation and Voting facilities ("**RPV facilities**"). This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders used the RPV facilities to participate (including pose and submit questions to the Board in real time via typed texts) and vote remotely at the 19th AGM. As the 19th AGM is a fully virtual AGM, shareholder who is unable to participate in the meeting had appointed his/her proxy or Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

All the Directors were in attendance during the 19th AGM via remote participation with other participants including External Auditors.

In compliance with the Listing Requirements, all resolutions set out in the Notice of 19th AGM were voted by poll via RPV facilities. The Company also appointed an independent scrutineer to validate the votes cast before the poll results is announced by the Chairman of the meeting.

The Minutes of 19th AGM and responses to questions raised by shareholders were published on the Company's website as soon as practicable after reviewed and approved by the Board.

FOCUS AREAS ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2021 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices. Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised would be those principles that have yet to be adopted by the Company as disclosed in the Corporate Governance Report 2021.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 28 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group as at the end of the accounting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia have been applied with and reasonable and prudent judgement and estimates have been made.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this annual report.

ADDITIONAL COMPLIANCE INFORMATION

(1) *Material Contracts involving interest of Directors, Chief Executive and Major Shareholders*

During the financial year, there were no material contracts entered into by the Group involving interest of Directors, Chief Executive and major shareholders.

(2) *Audit and Non-audit fees*

During the financial year ended 31 December 2021, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors, KPMG PLT and two firms affiliated to KPMG PLT are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	80	296
Non-Audit Fees		
- Review of the Statement on Risk Management and Internal Control	25	25
- Sustainability advisory services in relation to Sustainability Reporting	35	35
- Tax fees	6	6
Total	146	362

(3) *Recurrent Related Party Transactions*

The details for the Recurrent Related Party Transactions of a Revenue or Trading Nature transacted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2021 are stated in Section 2.2 and Section 2.3 of the Circular to Shareholders dated 29 April 2022 and Note 29 of the Financial Statements.

(4) *Utilisation of Proceeds*

There were no corporate proposals or exercises carried out during the financial year to raise proceeds.

SUSTAINABILITY STATEMENT

This **Sustainability Statement** (SS) has been prepared in accordance with Main Market Listing Requirements on Sustainability Reporting through the Sustainability Reporting Guide (2nd Edition) and guidelines and toolkits by Bursa Malaysia Securities Berhad (Bursa Malaysia).

The following are other references used in the development of the sustainability statement:



Global Reporting Initiative (GRI) Standards



United Nations Sustainable Development Goals (SDG)



FTSE4Good Bursa Malaysia Index (FTSE4Good) Criteria

REPORTING PERIOD

PMB Technology Berhad (PMBT or the Group) publishes sustainability statements annually within the Group's Annual Report. These contain non-financial information pertaining to PMBT's financial year from 1 January 2021 to 31 December 2021 (FY2021), unless otherwise stated. Prior years' data have been disclosed as indicated for performance monitoring and comparative purposes.

REPORTING BOUNDARY

The Sustainability Statement covers the primary activities of the Group, namely construction, fabrication, manufacturing, and trading, across the following entities:

- PMB Silicon Sdn Bhd
- PMB Facade Technology Sdn Bhd
- Everlast Aluminium (M) Sdn Bhd
- Everlast Access Technologies Sdn Bhd
- PMB Quick Access Sdn Bhd
- PMB Carbon Sdn Bhd

The Sustainability Statement discusses non-financial performance indicators, risks, opportunities, and outcomes relevant to its business and stakeholders, which have a significant influence on PMBT's ability to create value. The Sustainability Statement covers Environmental, Social and Governance (ESG) matters within PMBT's operations and contains forward-looking statements with respect to the Group's activities and reflection on the business on any changes of the business environment and developments.

REPORTING EXCLUSIONS & CHANGES

The content of the Sustainability Statement has incorporated the impact of the COVID-19 pandemic and PMBT's future outlook and approach to better reflect PMBT's efforts and other operational changes where relevant.

REPORTING ASSURANCE & TARGET READERS

PMBT has not obtained external assurance for the sustainability indicators disclosed in this Sustainability Statement. The Group does acknowledge the credibility of an independent verification and will consider obtaining sustainability assurance in the future when data collection processes for the silicon metal plant is more robust.

This Sustainability Statement is focused on addressing the impacts of PMBT's sustainability matters on both internal and external stakeholders.

SUSTAINABILITY STATEMENT

cont'd

PROGRESS THROUGH THE PANDEMIC

The ongoing COVID-19 Pandemic in 2021 has pushed businesses to adapt and embrace the hybrid work culture and the change in business dynamics. Regardless, the Group remains optimistic that with a robust business strategy, PMBT will continue to be resilient and create enhanced values for all stakeholders.

Where applicable, the Group's data collection efforts hindered by necessary lockdowns and the government's Movement Control Order (MCO) have been stated throughout the Sustainability Statement.

SUSTAINABILITY GOVERNANCE

The sustainability landscape across the industry is constantly evolving. PMBT recognises the importance of managing sustainability risks while capturing opportunities arising in the industry.

PMBT acknowledges the importance to innovate and promote the integration of sustainability throughout the Group's activities and has in place a Sustainability Policy as guiding principle. The Sustainability Policy is driven by PMBT's Management team who have engaged in the development of priorities across three (3) sustainability themes.

BOARD OF DIRECTORS (BOD OR THE BOARD)



- Oversees ESG-related implementations
- Reviews Sustainability Statement and Policy
- Sets strategic direction in consideration of ESG risks and opportunities

CHIEF EXECUTIVE OFFICER (CEO)



- Assesses priorities, monitors progress, and evaluates ESG-related risks
- Ensures plans are executed to meet sustainability objectives
- Fosters a culture of transparency and responsibility
- Aligns business plans, operations, and investments with the Group's sustainability agenda

SUSTAINABILITY WORKING GROUP (SWG)



- Founded in 2017, led by Group Financial Controller, consisting of Management from Business Development and Sales, Environment and Safety, Finance, Human Resource (HR), Information Technology (IT), Purchasing, Quality Control (QC), and Research and Development (R&D)
- Monitors and manages overall sustainability performance, assesses materiality and operational requirements



SUSTAINABILITY POLICY

PMBT's Sustainability Policy seeks to ensure that the Group operates in a responsible manner and creates value through economic profitability, social inclusion and decreased environmental impact. The following outlines the policy's key objectives:

- Endeavour to integrate the principles of sustainability into the PMBT's strategies, policies, and procedures
- Promote sustainable practices
- Comply with all applicable legislations, regulations, and code of conduct
- Ensure commitment from the Board of Directors and Senior Management in implementing sustainability and reviewing performance
- Create a sustainability culture within the Group and the community, with an emphasis on integrating ESG considerations into decision making processes and the delivery of products

SUSTAINABILITY STATEMENT

cont'd

STAKEHOLDER ENGAGEMENT

PMBT engages with a diverse range of stakeholders through its business activities. The Group aims to understand its impacts through regular engagements across various customers, investors, regulators, employees, suppliers, business partners and the local communities in which PMBT operates.

PMBT aims to work strategically with all stakeholders to strengthen the relationships and fulfill a greater sense of purpose, from development through to delivery of end-products to customers.

Its periodic engagement sessions are essential for the evaluation of ESG issues that have impacts to the business and influence stakeholder decisions. PMBT aims to address the matters of concerns from each stakeholder to enhance the Group's strategic priorities in managing ESG-related risks and opportunities.

Stakeholder Groups	Engagement Objectives	Engagement Channels	Engagement Frequency	Focus Areas	PMBT's Response
Board of Directors	Industry expertise and understanding growth and strategy	<ul style="list-style-type: none"> Board Meetings Corporate Events Annual General Meetings (AGM) 	Annually	<ul style="list-style-type: none"> Business development Corporate governance Ethics and integrity Customer satisfaction Data privacy and security Product research data development 	Theme 1: Delivering Value Through Innovation
Government/Regulatory Authorities	Compliance with latest law and regulations	<ul style="list-style-type: none"> Public invitations Site visits Conferences and programmes organised by relevant authorities 	<ul style="list-style-type: none"> Annually Ad-hoc basis 	<ul style="list-style-type: none"> Corporate governance Ethics and integrity Environmental management Fair employment practices Health and safety 	<ul style="list-style-type: none"> Theme 1: Delivering Value Through Innovation Theme 2: Driving Environmental Consciousness Theme 3: Developing Capabilities & Opportunities
Employees	Equal opportunities and talent recognition to support professional growth	<ul style="list-style-type: none"> Engagement surveys Learning and development programmes Volunteering efforts Performance appraisals On-boarding orientations 	<ul style="list-style-type: none"> Mandatory annually Ad-hoc basis 	<ul style="list-style-type: none"> Community development Environmental management Fair employment practices Health and safety Professional growth 	<ul style="list-style-type: none"> Theme 2: Driving Environmental Consciousness Theme 3: Developing Capabilities & Opportunities
Customers	Strong relationships and meeting expectations	<ul style="list-style-type: none"> Online platforms Satisfaction surveys Audits 	<ul style="list-style-type: none"> Annually Ad-hoc basis 	<ul style="list-style-type: none"> Customer satisfaction Data privacy and security Health and safety Product research and development 	<ul style="list-style-type: none"> Theme 1: Delivering Value Through Innovation Theme 3: Developing Capabilities & Opportunities

SUSTAINABILITY STATEMENT

cont'd

Stakeholder Groups	Engagement Objectives	Engagement Channels	Engagement Frequency	Focus Areas	PMBT's Response
Suppliers/ Contractors/ Vendors	Cooperation, credibility, and reliability	<ul style="list-style-type: none"> Meetings Performance evaluation 	<ul style="list-style-type: none"> Periodically Ad-hoc basis 	<ul style="list-style-type: none"> Sustainable social and environmental supply chain practices Health and safety 	<ul style="list-style-type: none"> Theme 1: Delivering Value Through Innovation Theme 3: Developing Capabilities & Opportunities
Local Communities	Support and association	<ul style="list-style-type: none"> Community programmes Charitable events 	Ad-hoc basis	Community development	Theme 3: Developing Capabilities & Opportunities
Media/ Analysts	Timely and accurate information	<ul style="list-style-type: none"> Conferences Briefings Media releases 	Ad-hoc basis	<ul style="list-style-type: none"> Corporate governance Ethics and integrity Environmental management Fair employment practices Health and safety 	<ul style="list-style-type: none"> Theme 1: Delivering Value Through Innovation Theme 2: Driving Environmental Consciousness Theme 3: Developing Capabilities & Opportunities
Investors/ Shareholders	Updated and transparent information	<ul style="list-style-type: none"> AGM Analyst briefings 	<ul style="list-style-type: none"> Annually Ad-hoc basis 	<ul style="list-style-type: none"> Business development Corporate governance Ethics and integrity Product research and development 	Theme 1: Delivering Value Through Innovation
Business Partners	Collaborative progress and development	<ul style="list-style-type: none"> Meetings Forums and events 	<ul style="list-style-type: none"> Annually Ad-hoc basis 	<ul style="list-style-type: none"> Business development Product research and development 	Theme 1: Delivering Value Through Innovation
Industry Associations/ Trade Union/ Professional Bodies	Keep up with new changes in the market	<ul style="list-style-type: none"> Online platforms Conferences and events 	Ad-hoc basis	<ul style="list-style-type: none"> Business development Health and safety Product research and development 	<ul style="list-style-type: none"> Theme 1: Delivering Value Through Innovation Theme 3: Developing Capabilities & Opportunities
Non-Governmental Organisations (NGO)	Fulfilling the role of good corporate citizens	Programmes and events	Ad-hoc basis	<ul style="list-style-type: none"> Environmental management Human rights and labour standards 	<ul style="list-style-type: none"> Theme 2: Driving Environmental Consciousness Theme 3: Developing Capabilities & Opportunities

SUSTAINABILITY STATEMENT

cont'd

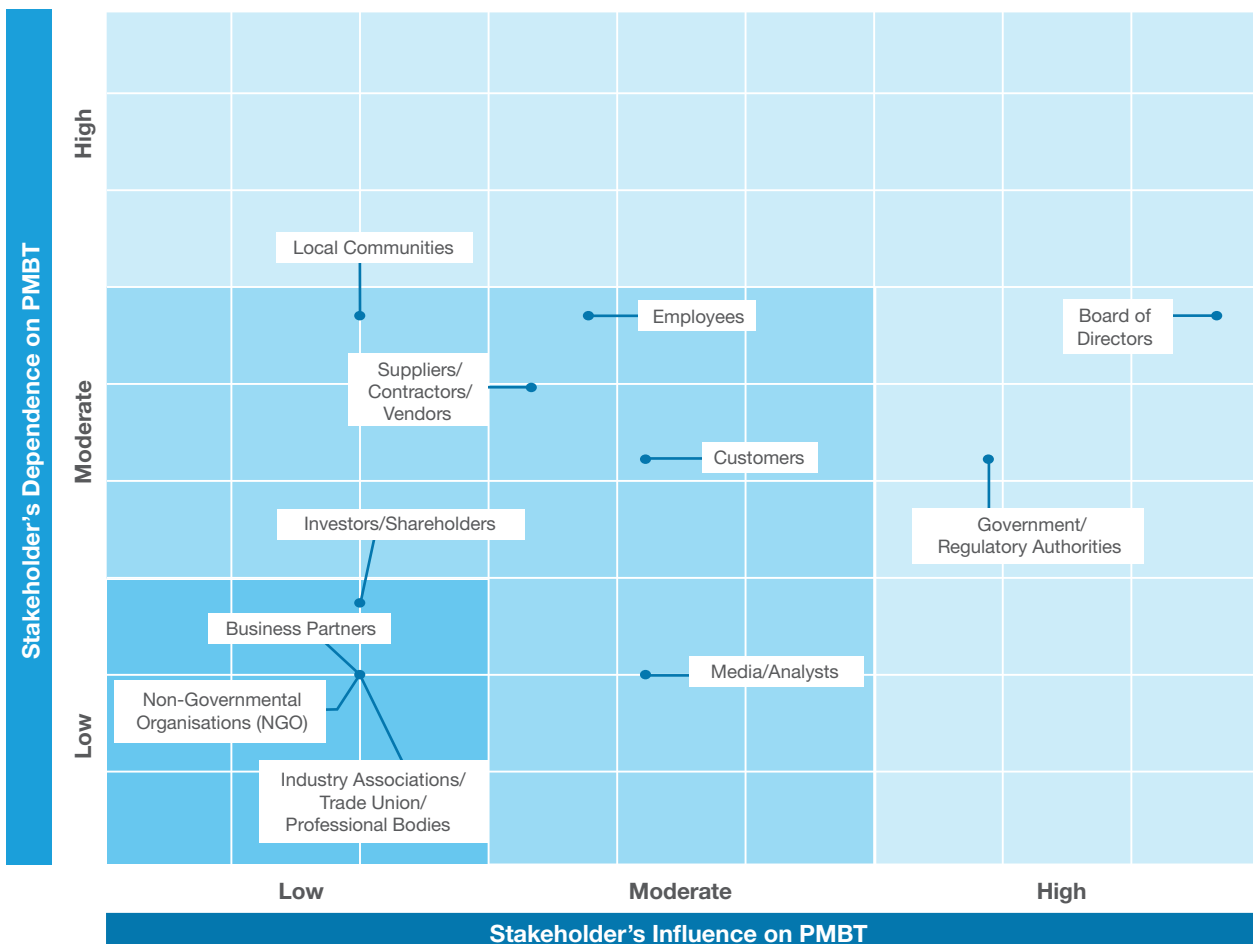
For further information, please refer to the following pages:

- Theme 1: Delivering Value Through Innovation – pages 54 to 61
- Theme 2: Driving Environmental Consciousness – pages 61 to 64
- Theme 3: Developing Capabilities & Opportunities – pages 65 to 76

PMBT built effective and collaborative relationships with key internal and external stakeholders through regular engagement sessions that have enabled the Group to determine and address their concerns. In FY2019, the SWG identified and prioritised stakeholder groups based on their dependence on and influence over the Group. The assessment took into consideration the Group’s operational changes and expansion into the production of silicon metal. This is illustrated in the following Stakeholder Prioritisation Matrix.

STAKEHOLDER GROUPS	
1	Board of Directors
2	Government / Regulatory Authorities
3	Employees
4	Customers
5	Suppliers / Contractors / Vendors
6	Local Communities
7	Media / Analysts
8	Investors / Shareholders
9	Business Partners
10	Industry Associations / Trade Union / Professional Bodies
11	Non-Governmental Organisations (NGO)

STAKEHOLDER PRIORITISATION MATRIX



SUSTAINABILITY STATEMENT

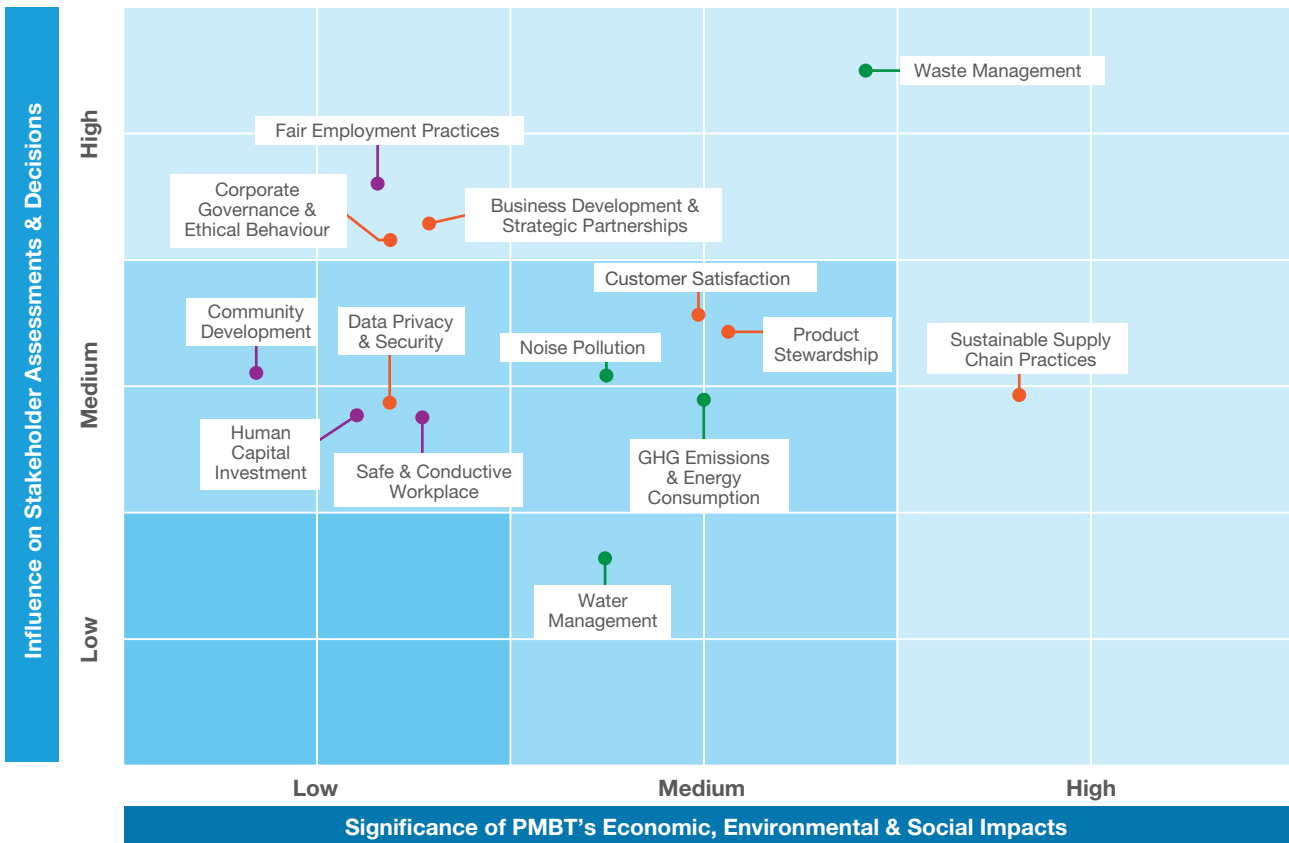
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MATERIALITY ASSESSMENT

During the reporting year in FY2020, the SWG reassessed the Group’s list of sustainability matters to enable a more holistic evaluation of environmental related matters, expanding the list from eleven (11) to fourteen (14), coupled with a regroup of the sustainability matters into three (3) themes, namely delivering value through innovation, driving environmental consciousness and developing capabilities and opportunities to address the impacts of economic, environmental and social sustainability risks and prospects respectively. The sustainability matters were analysed based on the likelihood of occurrence for there to be a non-financial risk and the impact it could have on PMBT’s business operations as well as how these matters may affect the Group’s stakeholders.

PMBT has reviewed the matters and believes the matters identified remain as priorities in FY2021. The following Materiality Matrix illustrates the significance of the matters with waste management and sustainable supply chain practices being the top matters.

MATERIALITY MATRIX



- Theme 1
Delivering Value Through Innovation
- Theme 2
Driving Environmental Consciousness
- Theme 3
Developing Capabilities & Opportunities

SUSTAINABILITY MATTERS

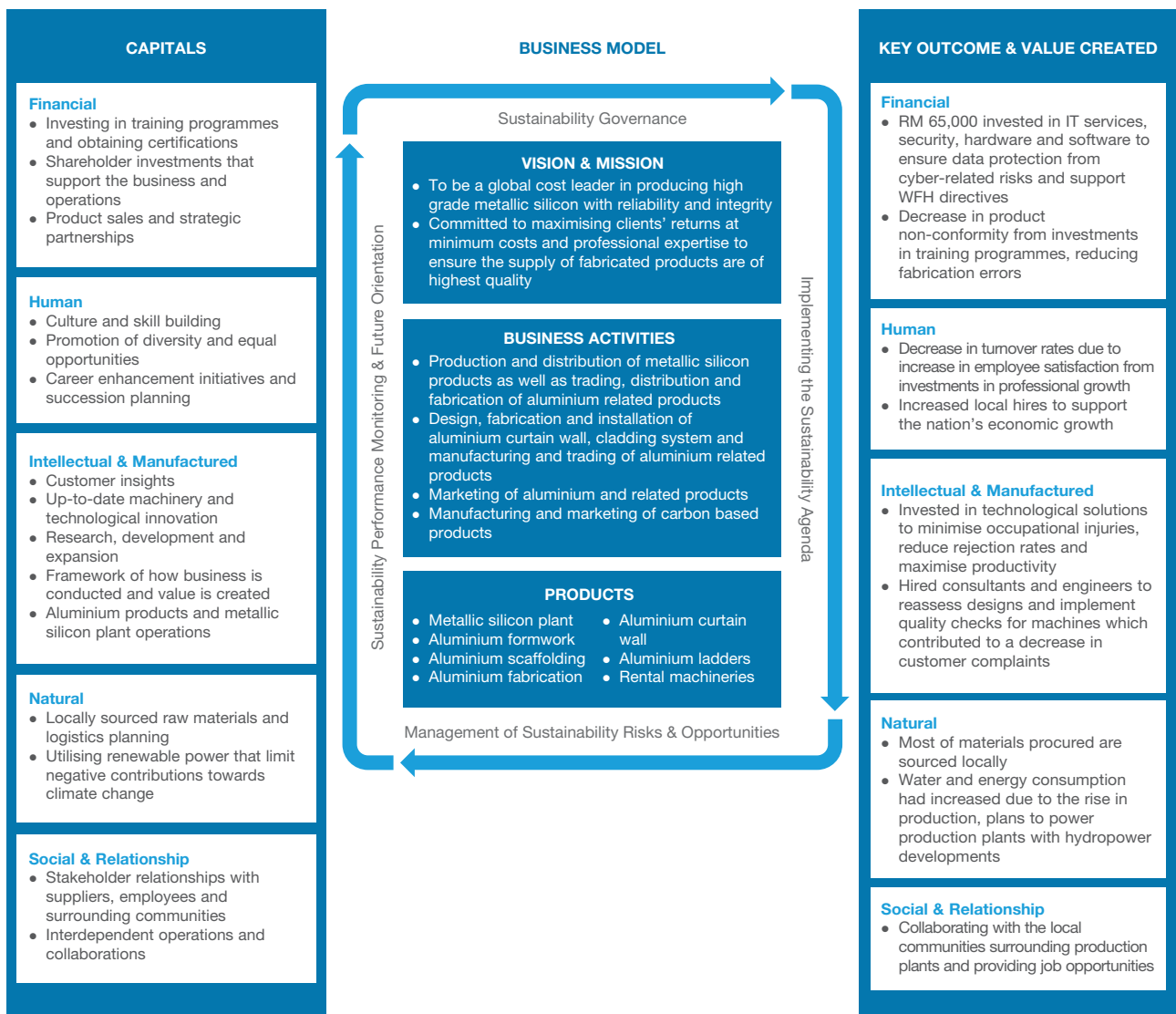
- | | |
|---|--|
| 1 Waste Management | 8 Business Development & Strategic Partnerships |
| 2 Sustainable Supply Chain Practices | 9 Corporate Governance & Ethical Behaviour |
| 3 Product Stewardship | 10 Fair Employment Practices |
| 4 Customer Satisfaction | 11 Safe & Conductive Workplace |
| 5 GHG Emissions & Energy Consumption | 12 Data Privacy & Security |
| 6 Noise Pollution | 13 Human Capital Investment |
| 7 Water Management | 14 Community Development |

SUSTAINABILITY STATEMENT

cont'd

VALUE CREATION

PMBT's Board of Directors and Management personnel continuously assesses financial and operating models to thrive in tomorrow's complex and dynamic business environment. The Group aims to unilaterally focus on creating short-term shareholder value and emphasises on long-term perspectives in devising strategies. A practical framework is presented in the following diagram which supports PMBT in unlocking additional value within the Group and improving corporate performance.



SUSTAINABILITY STATEMENT

cont'd

THEME 1: DELIVERING VALUE THROUGH INNOVATION

At PMBT, quality of products and efficiency of operations drives sustainability in the Group's day-to-day business. As a sustainable leader in its industry, PMBT adopts a continuous approach to managing its supply chain, product quality, health and safety of employees and customers, protecting intellectual property rights and privacy of customers, promoting anti-corruption as well as maintaining relationship with all stakeholders in the Group's operating markets. These efforts are paramount in maintaining PMBT's corporate identity and business relationships with all stakeholders.



SUSTAINABLE SUPPLY CHAIN PRACTICES

GRI 204: Procurement Practices

PMBT strives to build a responsible and sustainable supply chain, as PMBT works collaboratively with its partners to provide top-notch quality products. The Group has taken a stringent risk management control approach in governing the procurement practices. The Group is also committed towards legal and regulatory compliance, as well as maintaining a high standard across all business operations. These high standards apply for all PMBT's suppliers and vendors within the Group's supply chain as transparency and ethical behaviour form the backbone of productive, long-term relationships.

PMBT's Procurement Guidelines, Vendor Code of Conduct and purchase contract and agreements form the foundation of a sustainable supply chain practice. The Vendor Code of Conduct is reviewed annually to ensure that it reflects the best practices in the industry. The review is also communicated to the suppliers and vendors to ensure they are aware of PMBT's latest focus and expectations of its supply chain.



Procurement Guidelines

The Guidelines ensure that PMBT's Procurement Department and key personnel are aware of standards to adhere to and eases the appointment and monitoring of suppliers.

This provides a methodical structure to monitoring vendors and suppliers.



Vendor Code of Conduct

The Vendor Code of Conduct was established to clarify potential concerns surrounding legal compliance, anti-corruption, human rights, health and safety, and environmental-related issues.

This code supports vendors and facilitate their development.



Purchase Contract & Agreements

Formalise specific requirements for suppliers in key areas, for example, material and product specifications.

These agreements are tailored to each of the Group's projects.

All PMBT's partners and suppliers are guided through the Vendor Code of Conduct. However, should any vendor fail to meet the requisite standards, nor address issues communicated to them, they will face immediate contract termination. The Group has a procedure in place, where a warning will be issued upon failure to meet the outlined requirements, and a termination clause shall be invoked upon absence of improvement. The following are assessment criteria imposed via the Vendor Code of Conduct:

- Sustainable sourcing
- Compliance with regulatory requirements
- Adequate environmental practices
- Fair human rights practices
- Accessibility to internal control procedures
- Availability of certifications or licenses

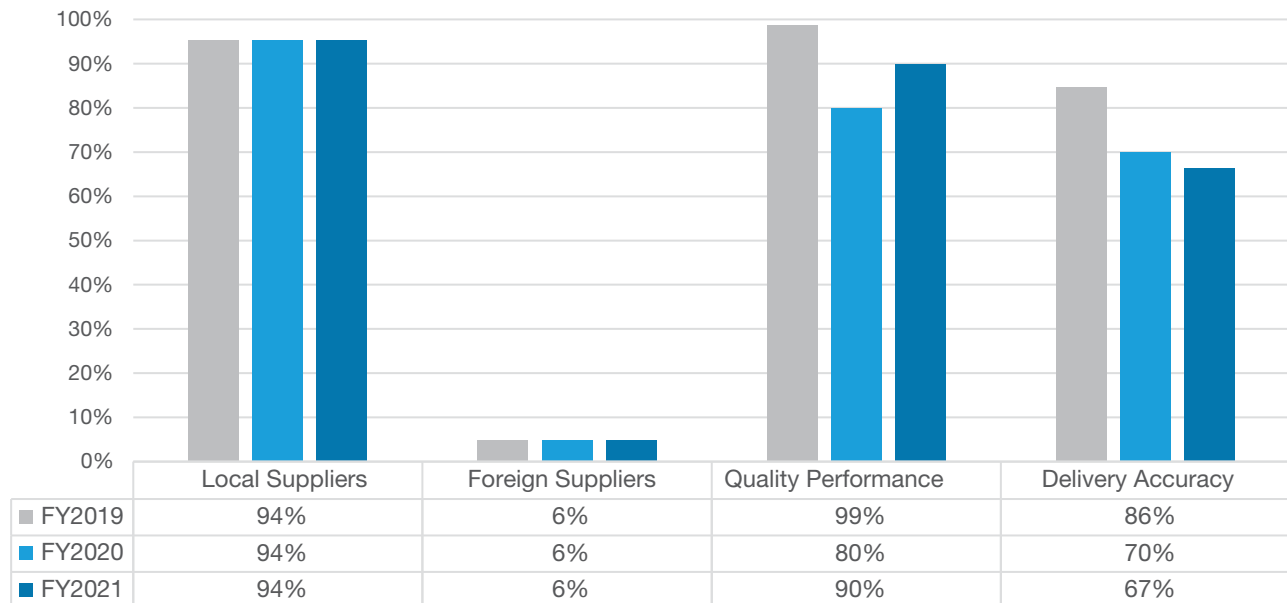
PMBT's Purchasing Department oversees the conduct of sustainable supply chain practices, supplier pre-appointment evaluation and conducts site visits for supplier inspection as well as maintains an approved vendor list. The Purchasing Department's responsibility also includes providing continuous monitoring of raw materials quality and the timeliness of the delivery.

SUSTAINABILITY STATEMENT

cont'd

Supporting the Malaysia's economy has always been PMBT's priority and this is practiced through the procurement of materials from local suppliers. Although PMBT still procures certain raw materials from overseas suppliers, this number is significantly less (6%) as compared to the locally sourced materials (94%).

Supplier Statistics



Note:

The percentages for both local and foreign suppliers were calculated based on the number of suppliers PMBT has engaged with. These values supersede previous reporting disclosures where the percentages were calculated based on the amount spent on local and foreign suppliers.

PMBT is optimistic for the future of the Group's operations and continues to uphold high standards for the betterment of the Group's supply chain practices. Globally, as countries move towards endemic, PMBT strives to ensure all production is well monitored and managed to meet the change in demand as economic activities resume.



PRODUCT STEWARDSHIP

GRI 201: Economic Performance

As PMBT pursues excellent product quality and service, each department within PMBT plays a role in ensuring the standards set within PMBT are met. PMBT's Research and Development (R&D) department constantly seeks for opportunities to develop innovative and new products and enhance product designs to achieve high specifications. It is critical to ensure that PMBT's products adhere to customer's requirements and internationally recognised standards. The R&D department continuously monitors the efficiency of processes in place, and leverages on new technologies, machineries, and various other process improvements.

On the other hand, PMBT's Quality Assurance and Quality Control (QA & QC) Department will carry out raw material, in-process and final product inspections including review and implementation of quality management systems. Thorough inspections are conducted on manufacturing equipment throughout the design and production lines.

PMBT's 'New Product Development & Upgrading' Policy guides the Group's implementations of necessary design and development processes to respond effectively and efficiently to the needs of customers. In addition, PMBT is also guided by the quality management systems based on international standards to ensure the quality of products meet the international requirements and expectations. For example, for the silicon plants, located in Sarawak, which is powered by renewable energy in the form of hydropower developments. PMBT follows a Quality Plan (EV-QP-001, 002, 003, 004, 005) in overseeing the quality of products as well as inspections from raw materials to finished goods.


SUSTAINABILITY STATEMENT

cont'd


The following is a list of PMBT products and features according to operating segments:

Product Type	Sustainable Features
Construction & fabrication	
Curtain wall system	<ul style="list-style-type: none"> Facilitate energy savings on artificial lighting by allowing natural light into buildings. Reduce noise level.
Reusable aluminium formwork	<ul style="list-style-type: none"> Reduces resource consumption and is cost-effective as the formwork can be reused for up to 300 times. Formwork can also be recycled at the end of its life cycle
Manufacturing & trading	
Aluminium ladder	<ul style="list-style-type: none"> Certified BS-EN-ISO standards safe
Scaffold Tower	<ul style="list-style-type: none"> Light weight solution to speed up erection in space constrained environment without compromising strength and stability

In the technological investment aspects, PMBT has invested in technological solutions to enhance operational efficiency. Since the year 2020, the projects below are still in progress due to certain complication such as COVID-19 which have a caused the delay in the execution of these projects.



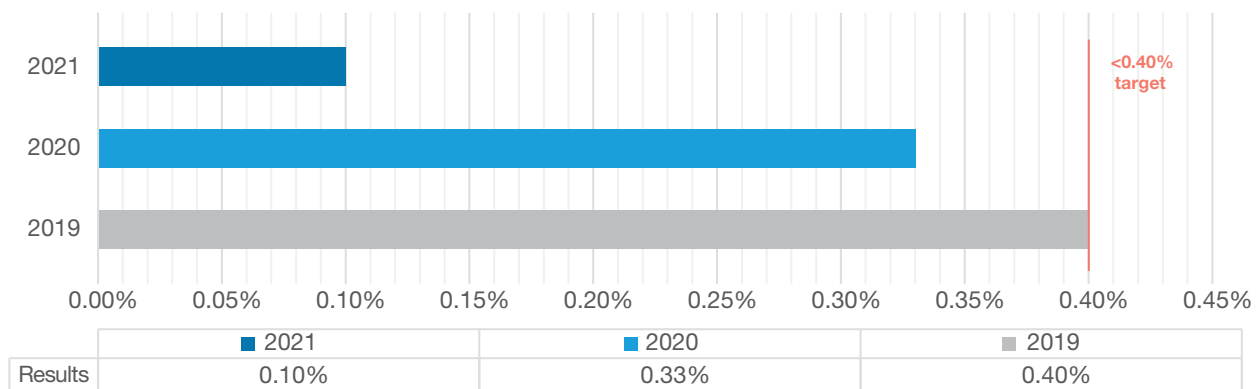
Robotic Welding
minimises possibilities of occupational injuries and reduces product rejection rates
Amount invested: RM 500,000



Robotic Assembly
maximises productivity and quickly accommodates changes in product design or output
Amount invested: RM 800,000

To support the development of excellent products, PMBT has also set internal non-conformity targets for the company to achieve. The following figures are results obtained over the past three years:

Product Non-Conformity



Note:

The decrease in product non-conformity is due to the resumption of full operating manpower and enhanced focus in operation activity to meet the product non-conformity target.

SUSTAINABILITY STATEMENT

cont'd

The following certifications have been obtained by both PMBT's entities and products, reflecting PMBT's commitment to reliable and quality products across its operations:

Accreditations

OPERATING ENTITIES

ISO 9001:2015 – Quality Management System	<ul style="list-style-type: none"> • Everlast Aluminium (M) Sdn. Bhd. • PMB Silicon Sdn. Bhd. • PMB Facade Technology Sdn. Bhd.
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PRODUCTS

SIRIM BS EN 131-2:1993	<ul style="list-style-type: none"> • Portable fiberglass ladder • Portable aluminium ladder
SIRIM BS 2037:1994	<ul style="list-style-type: none"> • Portable aluminium ladder
SIRIM BS EN 1004:2004	<ul style="list-style-type: none"> • Prefabricated mobile access and working tower
SIRIM BS EN 131-7:2013	<ul style="list-style-type: none"> • Mobile ladders with platform
Australian Certified	<ul style="list-style-type: none"> • Aluminium truck tray • Aluminium modular balustrade system



CUSTOMER SATISFACTION

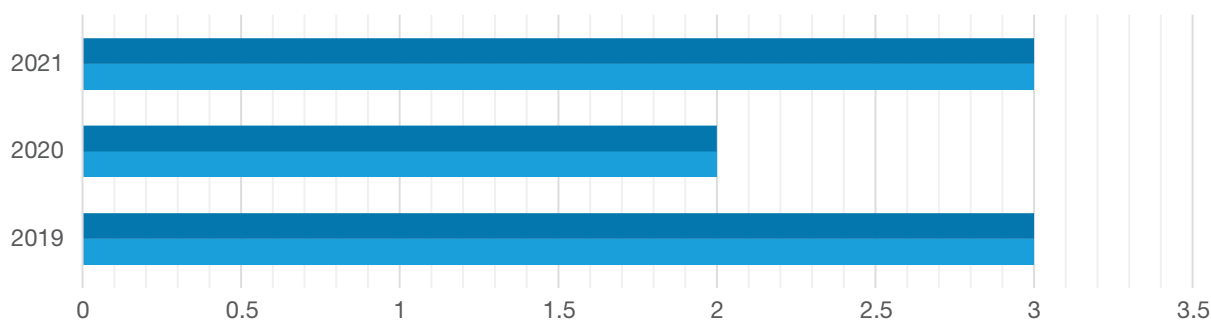
GRI 102: General Disclosures

Customers are at the heart of PMBT's business and customer satisfaction is vital for PMBT to achieve sustainable growth and maximise customer satisfaction and retention. This will subsequently enable PMBT to build and maintain a reputable brand name amongst its customers. The Group's Customer Service Policy and Customer Complaint Management guidelines serve as guidance for gauging, monitoring, and creating avenues for PMBT to address customer concerns.

The responsibility of overseeing customer satisfaction and related matters are upheld by PMBT's QA & QC Department as well as Business Development Unit. The QA & QC department addresses complaints or concerns relating to quality, while the Business Development Unit refer complaints and concerns to the relevant departments such as purchasing, production, warehouse, or logistics.

For the past three years, PMBT has identified and resolved customer complaints, as illustrated below:

Customer Complaints



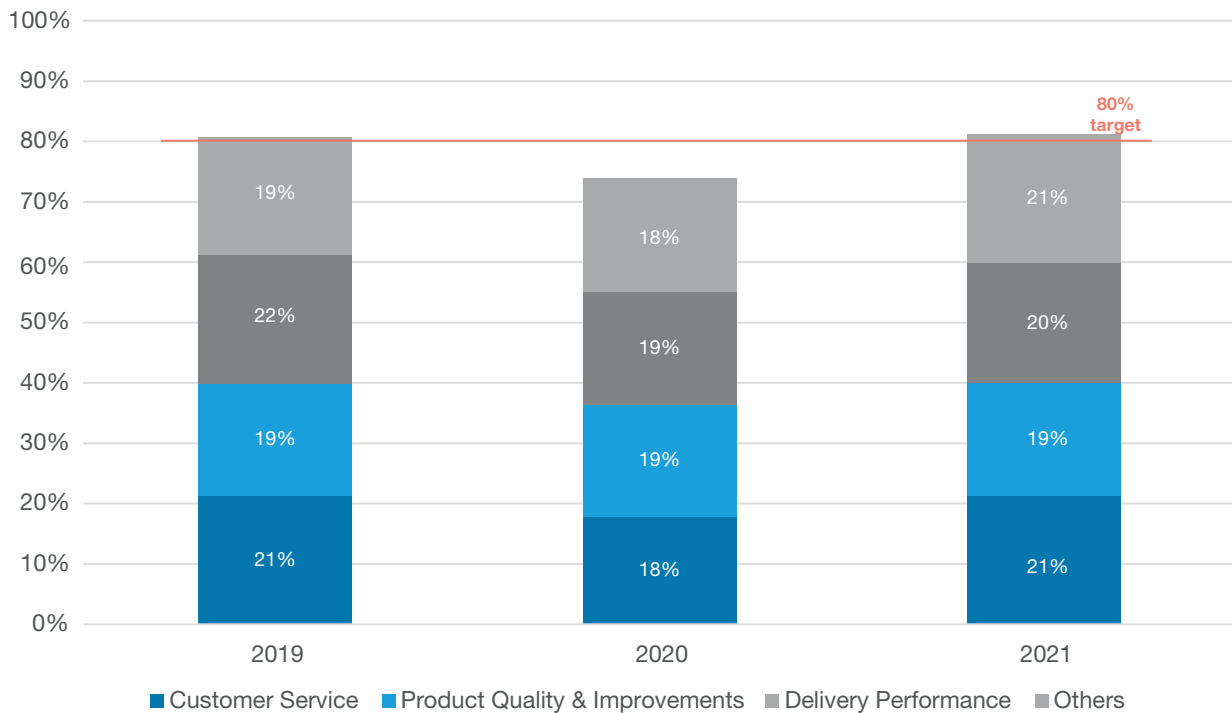
	2021	2020	2019
Resolved	3	2	3
Received	3	2	3

SUSTAINABILITY STATEMENT

cont'd

There was an increase in customer complaints due to human error, poor packaging of jumbo bags and poor loading method. PMBT has resolved these issues through mitigation measures such as implementing final check procedures before sealing each containers, changing to new jumbo bags, new pallet size and design, and using PET type strapping tool to increase surface area hold.

Customer Satisfaction Survey Barometer



17 PARTNERSHIPS FOR THE GOALS



BUSINESS DEVELOPMENT & STRATEGIC PARTNERSHIPS

PMBT continues its efforts to explore and identify growth and expansion opportunities of the Group's operations and associated businesses without compromising the well-being of the employee, stakeholders, and the environment. The Group's Business Expansion Strategy, Global Exhibition Visits and International Market Sales Pipeline Initiative were developed to serve as foundations for both domestic and overseas market growth. Since COVID-19 has started, the delivery of goods and services across all business have been impacted. Regardless, PMBT has been resilient in adapting to the ever-changing market situation and strives to improve the company performance through regular reviews and setting short and long term goals that are in line with the global megatrend for a greener future. Moving forward, PMBT will continue to grow a diversified profile by strengthening and forming new relationships strategically to improve the company position internationally to ensure healthy year-on-year performance.

10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



CORPORATE GOVERNANCE & ETHICAL BEHAVIOUR

GRI 205: Anti-corruption

PMBT believes that effective governance, accountability, and transparency stems from the cultivation of a corporate culture anchored by integrity and ethics. The Group is committed to legal compliance, transparency, and have zero tolerance to corruption and bribery to become an example of a truly responsible company. To minimise unnecessary or excessive risks for stakeholders, PMBT has put in place effective policies and structures to set expectations on its personnel and stakeholders.

SUSTAINABILITY STATEMENT

cont'd

PMBT has taken the approach to instil good governance and ethical behaviour among employees and encourage them to be accountable for their own work ethics. Employees are required to acknowledge in writing that the Code of Conduct as well as the Anti-Bribery and Anti-Corruption Policy have been read and understood and pledge to uphold PMBT's core values and principles and shall not engage in any corrupt or unethical practices.



Code of Conduct for Directors, Management & Employees

covers all aspects of the business operations such as human rights, environmental issues, business gifts and hospitalities, integrity and professionalism, confidentiality of business information and proper safeguarding of company assets.

Code of Ethics

includes, inter alia, matters relating to duties and responsibilities of Directors, conflict of interests and their social responsibilities.

Whistleblowing Policy

serves as a guide for employees or stakeholders on how to raise genuine concerns related to unethical behaviour, malpractices, illegal acts, or improprieties in matters of regulatory compliance in an appropriate way.

Anti-Bribery & Anti-Corruption Policy (ABAC)

was reviewed and adopted by the Board on 28 May 2020. The ABAC serves as a guideline on how to prevent and deal with bribery and corruption issues, including proper handling of Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship.

For further information, please refer to PMBT's corporate website: <http://www.pmbtechnology.com/about-pmb/>

PMBT outsources the internal audit practices. The internal audit is conducted quarterly, where gaps and improvements are identified for action. Further information on the report can be viewed in the Audit Committee report.

Additionally, PMBT's Diversity Policy which is governed by Bursa Malaysia Listing Requirements is further elaborated in the Group's Corporate Governance report at http://www.pmbtechnology.com/data/download/PMBT_CG_Report_2020.pdf.

PMBT provides all employees with the following trainings in relation to ABAC:

Type of Training	Description
External ABAC training (every 2 years)	Ensures the Group sets up adequate procedures to prevent involvements in any activities relating to bribery, facilitation payments or corruption
Internal ABAC training (every 3 years)	

To-date, there are zero non-compliance cases and failure to report non-compliance which may lead to disciplinary actions. PMBT strongly believes that the continuous communication and awareness efforts during appraisal periods between employees and Management personnel have contributed to the Group's achievement on zero non-compliance/ethical breach cases.

0
cases of non-compliance
nor ethical breaches
reported for the past three
(3) years

In the recent times, stakeholder scrutiny on governance has increased. Stakeholders are demanding for manufacturing industry to exercise transparency and high standards throughout their operations, to avoid as money laundering and tax evasion incidences. PMBT is determined to commit and adapt to the operational excellency demanded by its stakeholders.



DATA PRIVACY & SECURITY

GRI 418: Customer Privacy




Due to the importance of intellectual property rights and customer privacy, PMBT strictly complies with the related laws as these are the company's key intangible assets. The COVID-19 pandemic and its impact on the world resulted in many employees to Work from Home (WFH). It heightens the likelihood of cyber risks, where employees may be connected to unsecure or unmonitored networks. Therefore, the Group is committed to ensuring proper management of Information Technology (IT) risks.

SUSTAINABILITY STATEMENT

cont'd

The Group's IT department regularly reviews and monitors all policies, procedures, and guidelines in place for data privacy, security, cyber risks, IT related audits as well as training. IT audits and inspections are conducted by an outsourced internal audit team, in routine with other operation functions, to ensure existing practices comply with PMBT's internal policies and procedures.

The handbook entitled 'Proper and Ethical Usage of IT' created by the Group guides the Group in preserving data security. Employees are required to follow all policies and procedures in the handbook to further minimise cyber and IT-related risks. The following policies assist PMBT in mitigating IT risks:

 <p>Acceptable IT Use Policy establishes parameters and defines the acceptable level for use of IT facilities while maintaining a level of consistency in procedures and regulations is applicable to all employees and third-party personnel</p>	 <p>Software Usage Guidelines & Policies covers topics regarding general use and ownership, IT security and proprietary information, and unacceptable use.</p>	 <p>Data Security Policy is aligned with the Malaysian Personal Data Protection Act (PDPA) 2010 and ensures the privacy and security of data and information belonging to stakeholders.</p>
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All new employees are required to sign a 'Declaration on Information Security' which affirms understanding of PMBT's procedures on information security. Customers are also required to sign a PDPA Notice to ensure statutory compliance with PDPA 2010.

Measures and efforts to mitigate risks of security breaches and manage confidentiality of data are as follows:

IT Items	Description
Installation & Annual Renewal of Antivirus Software	<ul style="list-style-type: none"> Protects and control user permissions Web and access filtering
Installation of Uninterrupted Power Supply (UPS) backup batteries	<ul style="list-style-type: none"> Stabilises electricity flow Prevents server failures
Periodic hardware maintenance	<ul style="list-style-type: none"> Prevents hardware failure Reduces downtime and standby of spare hardware by vendors
Sign up for hardware warranty protection	<ul style="list-style-type: none"> Minimises incurred costs due to wear and tear of hardware
Scheduled upgrade of obsolete hardware	<ul style="list-style-type: none"> Improves productivity and lowers the risk of hardware failures
Maintenance of VMWare High Availability	<ul style="list-style-type: none"> Automatic detection of server failures Reduces capital and operating costs Increases IT productivity, efficiency, agility, and responsiveness Faster provision of applications and resources Greater business continuity and disaster recovery
Stock system with barcode scanning	<ul style="list-style-type: none"> Increases security of sensitive data
Cloud platform for online conferencing (i.e., Zoom and Google Meet)	<ul style="list-style-type: none"> Increases security of meeting information

SUSTAINABILITY STATEMENT

cont'd

0
cases of data breaches over the year.

The Group's IT department implementation of measures and controls have been effective to safeguard its sensitive data and resources. PMBT conducts key training/briefing in relation to cybersecurity and data privacy such as the declaration on information security to all new employees to ensure long-term growth and protection of the business and its stakeholders.

RM812,000
invested in IT services, security, hardware, and software for the Group.

THEME 2: DRIVING ENVIRONMENTAL CONSCIOUSNESS

PMBT recognises the importance of waste management as unethical and improper waste handling will have legal and social repercussions and may disrupt business operations. Therefore, the Group's environmental management efforts consists of identifying and monitoring four (4) separate sustainability matters that influence operations with varying impact. PMBT has experienced challenges in navigating through the COVID-19 pandemic, especially regarding environmental monitoring initiatives. Where possible, standardisation has been made to the data collected, however areas where the Group was not able to complete the data collection process, has been indicated respectively.



WASTE MANAGEMENT GRI 306: Waste

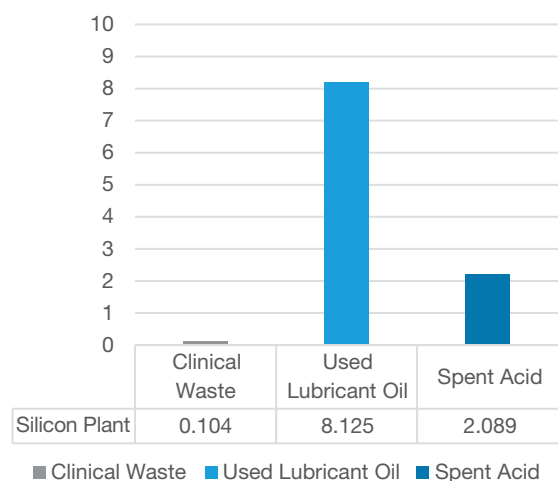
While PMBT has covered responsible production in plant operations, accountability for waste produced is essential to driving environmental consciousness. The Group has identified two (2) distinct types of waste produced through the Group's operations, which have their own respective methods of disposal or treatment. These waste types are:

- **Silicon Crushing Fines:** Fines generated during the crushing process is then used to protect the casting base during casting process
- **Slag Fines and other losses:** Fines and other losses generated during the casting process are then used to protect the casting base during casting process

Type of Non-Hazardous Waste Generated (MT)



Type of Hazardous Waste Generated (MT)



Notes:

1. The waste data reported refers to the data obtained from PMB Silicon.
2. The increase in clinical waste is due to an increase in workforce and expiry of medications.
3. There was an increase in spent acid this year due to the increase in the number of lab testing as operations have fully resumed.
4. The maintenance of machine and utilities for the expansion of our business caused an increase in used lubricant oil.

As with other environmental related matters, PMBT plans to increase monitoring efforts and create more avenues for the Group to manage waste effectively.

SUSTAINABILITY STATEMENT

cont'd



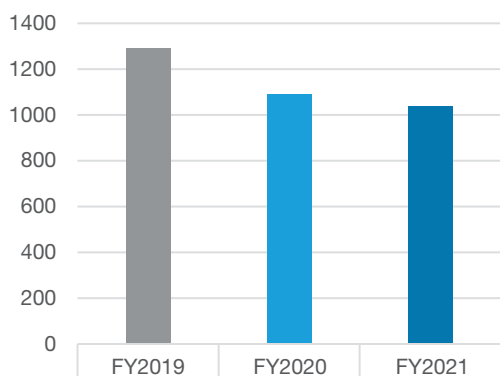
GHG EMISSIONS & ENERGY CONSUMPTION

GRI 302: Energy
GRI 305: Emissions

Energy is a crucial resource to run PMBT's day-to-day operations, hence, PMBT practices robust and efficient energy consumption management through regular monitoring and reporting from the Group's operating sites. The monitoring is conducted in intervals, for example once every three (3) hours at the site level. PMBT also keeps track of monthly energy consumption via electricity bills. From an operational perspective, PMBT has carried out several actions and initiatives in effort to lower energy consumption. This is evident through the installation of energy efficient equipment and machinery, LED lighting and energy efficient bulbs, and installation of motion sensor timers to automatically switch off lightings when not in use. Transparent roof sheets were placed to allow natural light into the Group's offices rather than relying on artificial lighting.

For PMB Silicon, electricity consumption has increased to 808,721MWh compared to the previous year at 576,696MWh. To recover from the gaps in business operations due to the pandemic, PMBT has been utilising more electricity to make up for time loss in production. Moving forward, PMBT aims to standardise electricity monitoring during the course of ISO 14001 implementation and include monitoring as part of the topics covered in the quarterly EHS meeting.

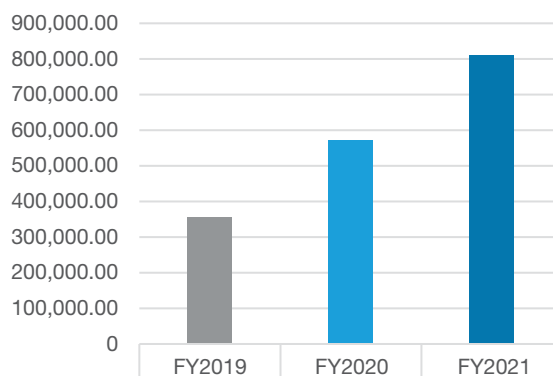
Electricity Consumption (MWh) at PMB Balakong plant



Total Electricity Consumption (MWh)	FY2019	FY2020	FY2021
	1282.212	1093.318	1040.683

Note: The decrease is due to lower productivity rates and delayed projects in 2021.

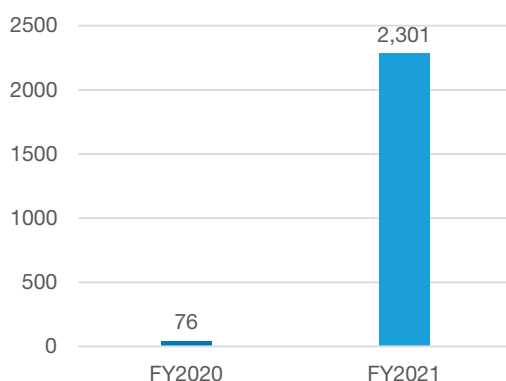
Electricity Consumption (MWh) at PMB Silicon plant



Total Electricity Consumption (MWh)	FY2019	FY2020	FY2021
	364,835.90	576,696.00	808,721.00

Note: The increase is due to higher productivity rates in 2021.

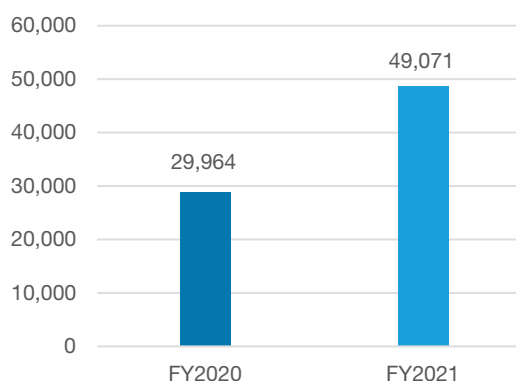
Natural Gas Consumption (GJ)



Note:

Natural Gas Consumption (GJ) is only for the scope metallic silicon plant. The increase is due to ladle preheating for new ladles and reparation of existing ladle which requires natural gas.

Fuel Consumption (GJ)



Note:

Fuel Consumption (GJ) is only for the scope metallic silicon plant. The increase is due to the adoption of more new machineries e.g. forklifts, frontloader and lorries which resulted in more usage in 2021.

SUSTAINABILITY STATEMENT

cont'd



NOISE POLLUTION

GRI 403: Occupational Health and Safety

PMBT's equipment and activities result in noise which may cause disturbance to the public and surrounding areas. Therefore, it is a crucial for PMBT's manufacturing plants to monitor and manage noise pollution. The Group ensures compliance with local regulations and takes actions to monitor the noise levels.

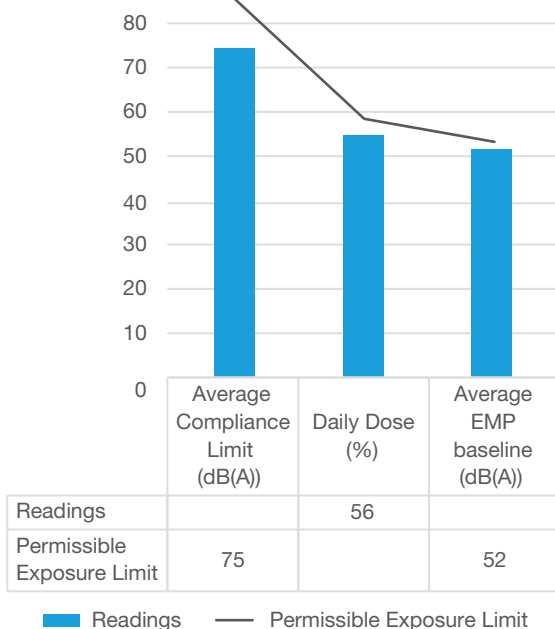
Across the years, noise readings are reported to the Management by the EHS committee on a monthly basis, which are then reported to the Department of Safety and Health (DOSH). Some of PMBT's initiatives regarding noise pollution include:

- Switching off machinery when not in use
- Providing appropriate PPE, such as earplugs, to workers
- Inspecting and auditing project sites regularly

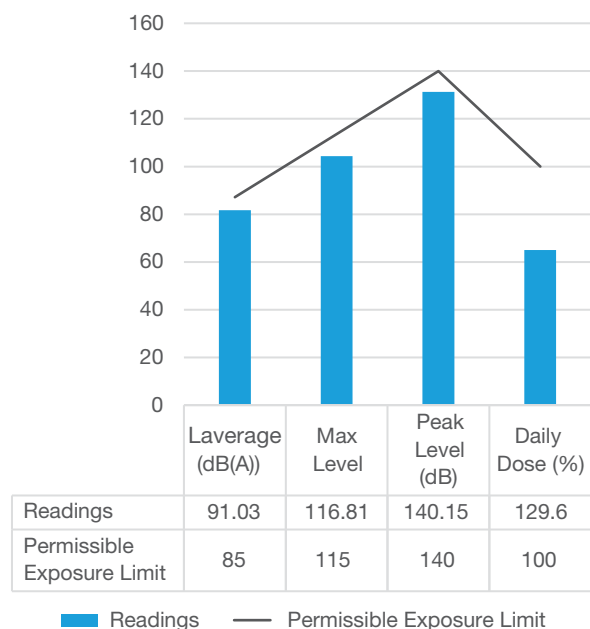
The table below indicates the compliance limits and Environmental Management Plan (EMP) baselines for noise exposure from plant operations that are monitored quarterly and sampled in either the day or night:

Sampling Time	Average Compliance Limit (dB(A))	Average EMP Baseline (dB(A))
Day	70	54.85
Night	60	48.80

Initial Noise Monitoring (Silicon)



Initial Noise Monitoring (Balakong)



Notes:

Noise levels (dB(A)) for day and night by area includes baseline, minimum, maximum, average, and general Department of Environment (DOE) limits.

1. Audiometric tests are done once in two (2) years and involves technical, punching, cutting, extension and stamping sections.
2. All measurements were within permissible limits.

PMBT projects that noise pollution will increase as the Group plans to resume production and recover from the pandemic. However, PMBT is committed to keep noise pollution within permissible limits through mitigation controls, where possible. PMBT will continue to ensure that noise pollution is managed, monitored, and reported to DOE.

SUSTAINABILITY STATEMENT

cont'd



WATER MANAGEMENT

GRI 303: Water and Effluents

At PMBT, the Group acknowledges the importance of the management of water resources to sustain an environmentally conscious business. Growing populations and lack of river basin management has led to the depletion of water resources in the country.

As such, the Group has implemented various water management measures. For example, water consumption is monitored monthly via water bills and PMBT conducts preventive maintenance to prevent leakages in water pipeline systems.

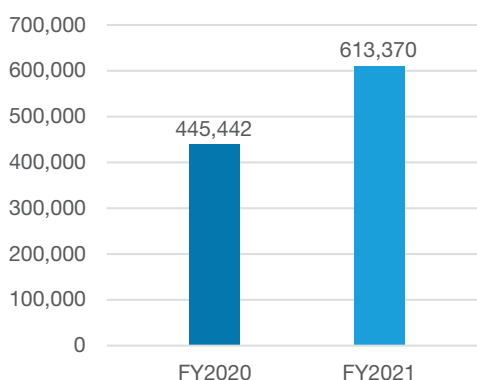
Amount spent on water consumption¹

Reporting Years	Amount spent on water consumption
FY2019	RM 73,292.65
FY2020	RM 62,459.10
FY2021	RM 61,498.90

Silicon²

Reporting Years	Total water consumption (m ³)
FY2020	445,442
FY2021	613,370

Total water consumption (m³)



As PMBT navigates the Group to being more environmentally responsible, PMBT will continue to explore methods and monitoring efforts to reduce water consumption. PMBT intends to create a better environment for both the business and the nation.

- ¹ The amount spent on water consumption reported in FY2019 and FY2020 are restated to RM73,292.65 and RM62,459.1 respectively. (previously reported as FY2019: RM8,044.10 and FY2020: RM18,973.35) due to an error in data consolidation. The values are restated to reflect the actual amount spent in water consumption.
- ² The total water consumption (m³) reported in FY2020 is restated to 445,442 m³ (previously reported as 1,113,121 m³) due to an error in data consolidation. The values are restated to reflect the accurate volume of total water consumption (m³).

SUSTAINABILITY STATEMENT

cont'd

THEME 3: DEVELOPING CAPABILITIES & OPPORTUNITIES

At PMBT, people are the Group's core assets built upon deep empathy, appreciation, and a diverse talent base. They play critical roles for PMBT to achieve sustainability goals. Therefore, the Group strives to provide employees with a safe and comfortable working environment as well as a sound employee development system. This enables the employees to grow and strengthen leadership capabilities and enhance performance through strong engagement. Additionally, PMBT seeks to benefit the local communities by creating employment opportunities and contributing to economic development. Furthermore, PMBT acknowledges that employees' rights and freedom must be respected to attract and retain high calibre employees. Hence, human rights are fundamental to PMBT's core values of professionalism and integrity and is key to being trusted and supported by society. In relation to the COVID-19 pandemic over the two years, precautions and measures have also been taken to ensure the health and safety of all employees, suppliers, and other third-party personnel.



PMBT highly regards the importance of upholding fair employment and equal opportunities for PMBT's employees and potential employees and has no tolerance for discrimination in any form which includes unfair wages and sexual harassment and child labour practices. The Group is committed to delivering a fair and harmonious experience to all employees and continuously support fair practices and diversity with respect and dignity. At PMBT, the Group aims to:

- provide equal and indiscriminate employment through a hiring process that supports honest and impartial decisions, including ensuring documented and objective assessments with proper justifications for recruitment; and
- guarantee fair remuneration packages offered based on performance, knowledge, and experience, and are compliant with regulatory requirements on minimum wages.

The Human Resources (HR) department also strives to ensure a harassment-free and equal opportunity workplace is maintained for all employees, including best practices for diversified recruitment and selection in line with the Group's agenda.



For additional information, please refer to PMBT's Corporate Governance Overview Statement on pages 31 to 45.

The Group advocates the representation of women in the workforce, particularly in Management positions, the hiring of local talents, and hiring of people with disabilities (PWD). PMBT conducts annual performance appraisals with all employees and provides clear career advancement opportunities and prioritises internal growth opportunities rather than lateral recruitment for vacant positions. The HR department oversees this two-way communication between employees and their respective Heads of Departments (HOD) to ensure the job evaluation is effective and links to PMBT's corporate goals and objectives.

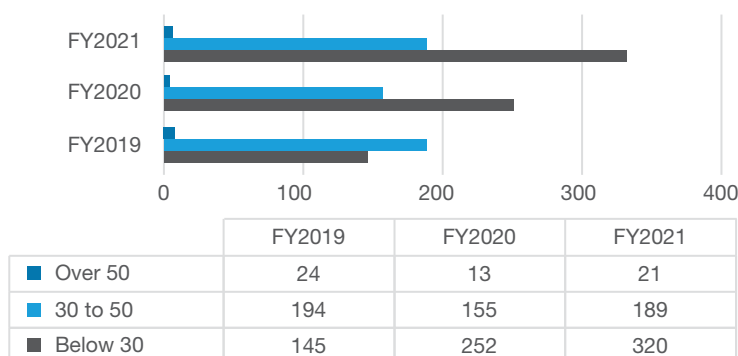
SUSTAINABILITY STATEMENT

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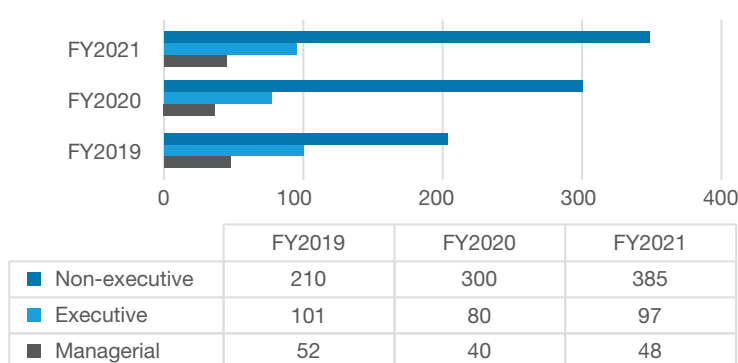
PMBT upholds the belief that a fair and equal workplace complemented with adequate benefits, welfare and compensation for employees can motivate them to perform at their best. These would enable employees to feel that they are fairly compensated with progressive career development opportunities and will be key in retaining talent within the company. Other than competitive remuneration packages, the following is a list of benefits for full-time employees:

Benefits	Description
Life insurance and medical benefits	<ul style="list-style-type: none"> Medical and hospitalisation leave Access to Group panel clinics
Healthcare and Wellness	<ul style="list-style-type: none"> Elite and Sports Committee organises activities to promote staff health and well-being, such as on-site health screening, leisure and sporting and recreational activities Weekly badminton activities amongst employees Hiking to promote bonding and wellbeing
Retirement Provision	Contact employments are offered to retirees
Employee Remuneration, Rewards and Recognition	<ul style="list-style-type: none"> Long Service Awards (5,10,15,20) were given to twenty (20) employees in 2020 Annual increment and bonus based on overall Group and employee performance
Welfare for New Parents	<ul style="list-style-type: none"> Private rooms for new mothers to enable to ease the transition back to work Two (2) months maternity and paternity leave respectively
Welfare for foreign workers	Medical benefits and hostel accommodation
Other benefits	Staff purchase discount for all confirmed employees

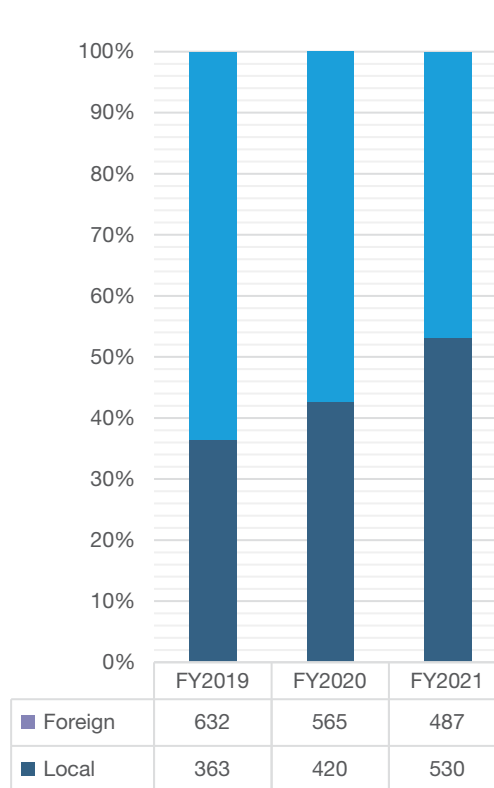
Age Group Statistics in FY2021



Position Statistics in FY2021



Total Number of Employees

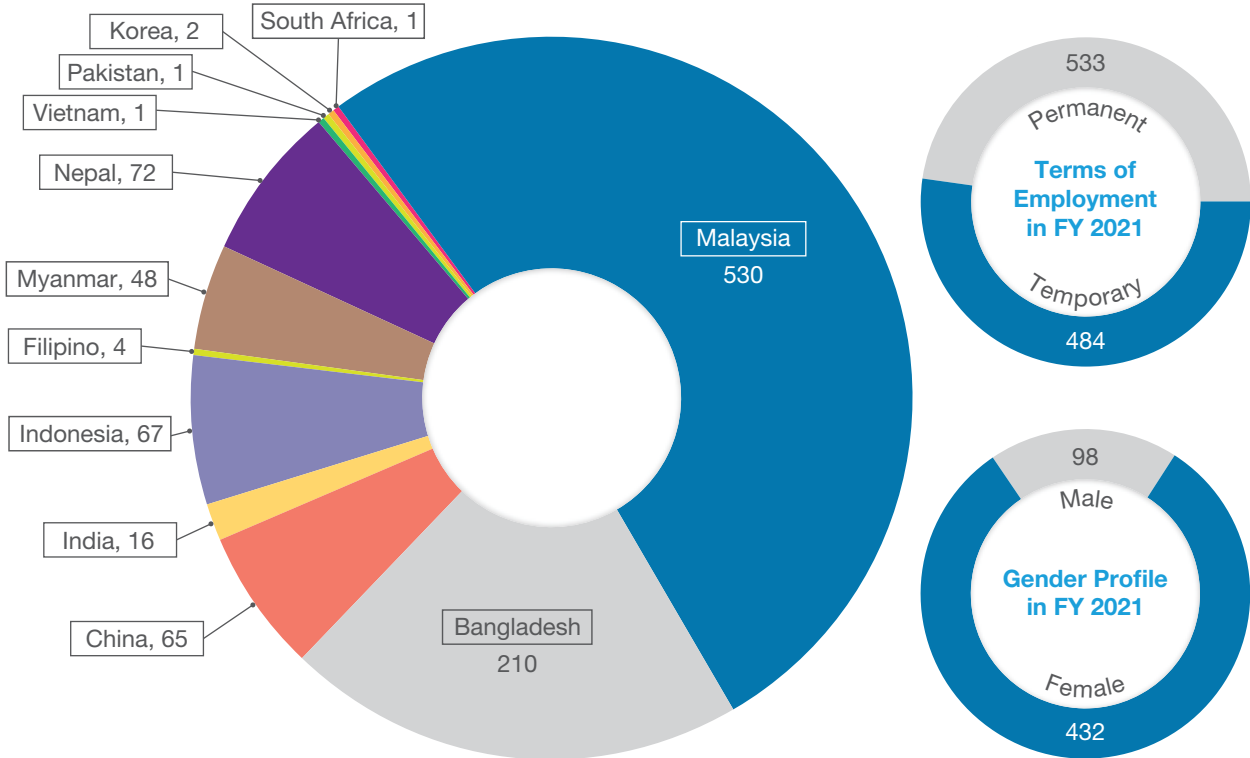


Notes:

- The number of local employees has increased over the years.
- Diversified and local hires are more present in executive and management positions.
- PMBT has included foreign employee data for age group and position statistics in FY2020. Hence, local employee data from previous reporting years have been removed for standardisation.
- All figures include employees from both construction and fabrication and manufacturing and trading at Group level.

SUSTAINABILITY STATEMENT

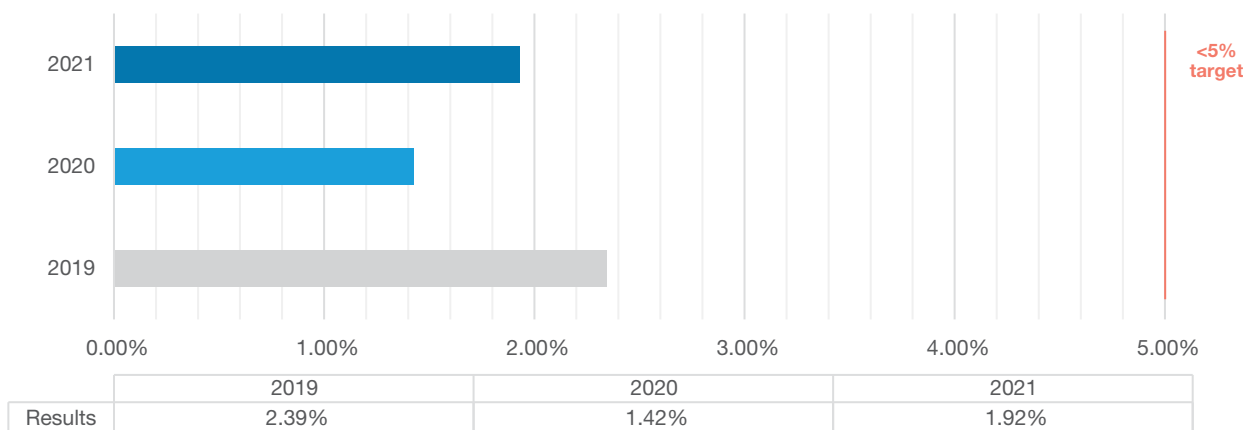
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Notes:

1. PMBT has included foreign employee data for country of origin, gender profile and terms of employment statistics in FY2021. Hence, local employee data from previous reporting years have been removed for standardisation.
2. As PMBT operates in a labour-intensive industry, most of employees are currently foreign and male dominant. However, diversified hires and women are more present in management and executive positions.

Employee Attrition Rate



Notes:

1. Employee attrition rates had a minor increase from FY2020, but it still falls below the 5% target. There are no significant changes.


SUSTAINABILITY STATEMENT

cont'd



Due to the nature of PMBT's business where workers are exposed to complex machinery and processes, safety incidents could occur if employees do not possess the appropriate knowledge to conduct their work. It is important to ensure that PMBT provides employees with a safe working environment.

PMBT is committed to conducting effective training to maintain and cultivate a safe working environment. The Group's Occupational Safety and Health (OSH) Policy outlines PMBT's commitment towards providing safe working conditions, as well as preventing work-related injuries for all employees, contractors, and visitors.



Safety, Health & Environmental Policy* ensures a safe and healthy working environment, compliance to all applicable legal and standards while striving for continual improvement, including the following:


- prevent major accidents, injuries, and occupational illness
- protect the environment from pollution
- provide the necessary resources in pursuing this policy meet all objectives and target to achieve zero (0) accidents

Health & Safety Practice

- Sort
- Straighten
- Shine
- Standardise
- Sustain

In line with the following laws and regulations:

- Occupational Safety and Health Act 1994
- Factories and Machinery Regulations 1989



Health & Safety Management-related Standards / Certifications
ISO 45001:2018

*PMBT's Safety, Health & Environmental Policy has been updated on 10 December 2021.

A dedicated Occupational Safety and Health Management Representative and Environmental, Health and Safety (EHS) Committee have been appointed to facilitate OSH activities, including:

- maintaining overall responsibility for health and safety programmes;
- ensuring all established health and safety policies are administered and enforced in all areas;
- providing all supervisory employees with proper, well-maintained tools and equipment, and any personal protective devices which may be required;
- assisting in the development of safety and health rules and safe systems of work;
- reviewing the effectiveness of safety and health programmes;
- maintaining close communication with employees to immediately control all potential workplace hazards;
- carrying out investigations on the trends of accidents and reporting to Management of any unsafe conditions or practices with recommended corrective actions;
- reviewing on-site health and safety policies and revision suggestions;
- conducting on-going approved first aid training courses and periodic production inspections;
- monitoring departments and projects and holding them accountable for their individual health and safety performance;
- implementing procedures to prevent the spread of the Covid19 virus such as temperature screening, compulsory wearing of face masks, checking-in at locations before entering premise etc;
- investing in QR scanning software to track the spread of Covid19 within the plant;
- implementing HIRARC (Hazard Identification, Risk Assessment, Risk Control) and EAIA (Environmental Aspect and Impact Assessment); and
- monitoring closely on government instructions and adapting to new procedures quickly.

SUSTAINABILITY STATEMENT

cont'd

The following is a list of OSH-related training programmes conducted for the Group's employees:

Training Programmes	Description	Frequency	Participation Rate	Attendees
Safety Briefings	Ensures proper use of Personal Protective Equipment (PPE) for all factory workers	Daily	100%	Factory Workers
Safety Induction Course	Briefing and demonstrating use of machinery and hand-tools for new employees that join the production floor	As and when there are new employees	100%	New Production Employees
Certified Training Programme (green card) for construction/field employees	Involves the registration and accreditation of Construction Personnel to improve safety levels at construction sites	Annually	Workers requiring access to construction sites	Construction workers
Noise Monitoring Programme	<ul style="list-style-type: none"> Identify areas and machineries that produce excessive noise levels Evaluate and recognise employees' exposure to noise levels 	Annually	100%	Factory workers
Chemical Health Risk Assessment (CHRA)	Conducted to identify the use, handling, storage or transportation of chemicals hazardous to health in workplaces as required by the OSH Use and Standard of Exposure of Chemicals Hazardous to Health Regulation 2000	When required (new addition of hazardous chemicals)	100%	Factory workers
Basic Occupational First Aid with Cardiopulmonary Resuscitation (CPR) & Automated External Defibrillator (AED) Certification	<ul style="list-style-type: none"> Awareness on necessary actions to be taken during an emergency Basic first aid to act as responder 	When required (refreshed every two (2) years)	100%	Production Supervisors/ Key Leaders
Basic Fire Fighting Training & Emergency Response Plan & Preparedness Training	<ul style="list-style-type: none"> Identify fire and explosion risks in production/working areas by understanding Active Fire Systems in the manufacturing plant Introduction to the use of Portable Fire Extinguishers 	When required (refreshed every two (2) years)	100%	Production Supervisors/ Key Leaders
OSH Awareness	Awareness on the importance of OSH requirements and issues	When required	100%	HOD/Key Leaders/ Factory Workers

In addition to the trainings listed, PMBT has consistently monitored any workplace incidents where employee safety could be compromised.

As the COVID19 outbreak is transitioning to an endemic phase, PMBS has plans for a Safety Campaign in 2022 which includes various HSE programs such as health talks, blood donations and HSE awareness sharing.

4

cases of lost time injuries (LTI), fatalities, medical aid, or dangerous occurrences in FY2021 across the Group.

SUSTAINABILITY STATEMENT

cont'd



HUMAN CAPITAL INVESTMENT

GRI 403: Training and Education

PMBT believes that employee development is a long-term investment as talents should be nurtured and cultivated throughout their career in PMBT which would lead to business growth, success and ultimately sustainability. To upskill and deliver knowledge to employees, PMBT provides various trainings and development programmes for PMBT's employees to enhance their technical and soft skills.

The Group's ISO 9001:2015 Training Policy and Succession Planning Procedures define the necessary actions and responsibilities to ensure the competencies needed by PMBT to meet internal and external requirements. This includes identifying and assessing the potential candidates with the assistance of the CEO to ascertain that Management-level successors have sufficient experience and are the right fit for the Group.

In an effort to cater to the training requirements of each employee, PMBT conducts Training Needs Analysis annually to identify gap between employee training and needs of training for all level of employees.

PMBT facilitates induction trainings for all new employees and on-the-job training to familiarise employees with the Group's culture, management systems and operations.

The following table lists the key external trainings offered during the reporting year:

Type of Training	Description	Frequency	No. of	
			Participants	Attendees
TECHNICAL TRAINING				
Certified Cyber Security Specialist	Focuses on creating information security individuals who are trained in protecting, detecting and responding to threats on the network	As and when required	2	Executive & Above
Understanding Siemens S7 PLC System	Participants will understand fundamental of Siemens PLC hardware & software systems, understand different type of programming language used at Siemens environments includes LAD, FBD, STL, GRAPH-7 & SCL and Familiarise with hardware configuration tools	As and when required	2	Executive & Above
Siemens S7 PLC System Maintenance Fault Finding & Trouble Shooting	Identify and maintain the components of a Siemens S7 automation PLC system, understand the advance steps in hardware assembly, cabling, wiring and testing, establish communications with the PLC with multiple technologies includes with fieldbuses and retrieve, archive, and download programs with structured way	As and when required	2	Executive & Above
Submerged Arc Furnace Production Operation Training	Explaining the main processes in producing silicon such as electrode basic control, stoking, tapping, refining, and casting. It provides the step-by-step explanation, while emphasizing on the risks of the process and its safety precautions	As and when required	9	Non-Executive & Above
Electrode Joining	Brief the process of transferring the electrodes to the electrode joining area and the steps to join the electrodes	As and when required	6	Non-Executive & Above
Ladle Refractory	Ladle refractory session focuses on the ladle cold cleaning method and the steps that need to be done before supplying the ladle to furnace. It also explains on ways to inspect and repair ladle and tapping spout	As and when required	12	Non-Executive & Above
Forklift Training	General understanding on safe operation, laws, guidelines, and the appropriate material handling equipment (MHE) management system	As and when required	175	Non-Executive & Above

SUSTAINABILITY STATEMENT

cont'd

Type of Training	Description	Frequency	No. of Participants	Attendees
SOFT SKILLS TRAINING				
Effective Warehouse Operation & Inventory Management	Identify current internal strength and weakness of the warehouse operation, developed an appropriate warehousing action plan to improve on the current level of operation, and understand the current warehouse and inventory risk and decide on appropriate action plan to eliminate the risk	As and when required	8	Executive level
Strategic Procurement and Inventory Management System	Understand the strategic sourcing role of procurement in business operation. Identify the type on strategy to be in place to manage the procurement and inventory operation	As and when required	8	Non - Executive level and above
Payroll Management in Compliance with Malaysian Employment Laws	Manage payroll accurately in compliance with the latest amendments and announcement	As and when required	3	Non - Executive level and above
Microsoft Project Basics from Zero	Identify the basic features and components of the Microsoft Project environment. Create a new project plan file and enter project information	As and when required	3	Non - Executive level and above
Excel - Starting Off with Formulas and Functions (Intermediate)	Understand and apply crucial formulas and functions in work environment	As and when required	1	Managerial level
Budget 2022: Latest Tax Updates with Priceless Tax Planning during Further Expansion and Economic Recovery	Tax analysis for Budget 2022 and identifying its implication	As and when required	4	Managerial level
Accounting 104a (MFRS) for Accounting Technicians, Beginner Accountants and Non-Accountants	Targeted towards providing updates and technical knowledge to beginner accountants	As and when required	4	Managerial level
Income Tax 101 - How to Master Corporate Tax: Part 1 (Revenue, Expenses and Financial Statements Items	Aim to help participants to learn & understand the basic corporate tax concepts, way to maximise tax deduction	As and when required	2	Managerial level
Income Tax 102: How to Master Corporate Tax - Part 2 (Capital Allowances & Industrial Building Allowance)	Understand the basic tax treatments of fixed assets in relation to Qualifying Expenditure on Plant and Machineries for the purposes of claiming Capital Allowance	As and when required	2	Managerial level

SUSTAINABILITY STATEMENT

cont'd

Type of Training	Description	Frequency	No. of Participants	Attendees
SOFT SKILLS TRAINING				
Income Tax 104 – Understanding the Tax Treatment of Business vs Investment Income	Understand the different tax treatments of business vs investment income	As and when required	2	Managerial level
Strategies to Generate Positive Cash Flow for Business Survival	Develop cash flow strategies to provide positive cash inflow of each functional area of the organisation	As and when required	2	Managerial level
Loss & Expense Claims Preparation 101	Guided step by step to prepare loss & expense claim, disruption claim and head office overhead claim	As and when required	1	Managerial level
Provision of In-House ESG Training	The importance of the meaningful efforts to contribute to the society and community; and assists participants to understand proper governance when conducting the business	As and when required	15	Managerial level
Understanding Benefits and Risks of Incoterms 2020 Rule of Delivery and Customs Process	Develop knowledge on the different type of Incoterms, understand the rules of delivery, benefit, and risk of all the Incoterms available and understand how the procedure for import and export	As and when required	4	Executive & Above
Environmental Monitoring & Life Cycle Perspectives for Environmentally Responsible Management	A systematic approach to environmental management can provide top management with information to build success over the long term and create options for contributing to sustainable development by controlling or influencing the way the organisation's products and services are designed, manufactured, distributed, consumed, and disposed by using a life cycle perspective that can prevent environmental impacts from being unintentionally shifted elsewhere within the life cycle	As and when required	1	Managerial level
Understanding and Implementing Permit to Work	Understanding of the different types of permits, the need for permits and correct methods of completing forms	As and when required	3	Executive & Above
Return To Work Coordinator Training	Boost the efficiency and productivity of these individuals by offering them physical and mental support in the workplace	As and when required	4	Non-Executive & Above
Heat Exhaustion VS Heat Stroke (AWARENESS TALK)	Increase participants awareness on difference on Heat Exhaustion VS Heat Stroke and its symptoms	As and when required	102	Non-Executive & Above
Confined Space Awareness Talk	Understanding the potential hazard in a confine space, its safety procedures and uses of gas detector besides self-contained breathing apparatus. It also includes the rescue of confined space	As and when required	286	Non-Executive & Above
Electrical Safety Awareness Talk	Understand how to complete an electrical risk assessment, how to review existing control measures, and how to ensure that appropriate safe systems of work are put in place to keep workers from harm when their work activities involve electrical equipment or electrical installations	As and when required	196	Non-Executive & Above

SUSTAINABILITY STATEMENT

cont'd

Type of Training	Description	Frequency	No. of Participants	Attendees
SOFT SKILLS TRAINING				
Emergency Response Team Training	Handling various type of emergencies and disasters which include the module of fire fighting and emergency response and preparedness program so that the ERT members is equipped how to put off small fire effectively and handle a major disaster which require them to activate Incident Command system	As and when required	2	Non-Executive & Above
HIRARC Training	Understand on the hazard identification, risk assessment and risk control practices. Not only that it is an awareness course to build safety awareness on hazard identification, risk assessment and risk control	As and when required	17	Non-Executive & Above
5S Training	Strategies to implementing effective practices of 5S, creating a visual workplace with 5S techniques, how to initiate 5S improvement in the workplace	As and when required	34	Non-Executive & Above
Excellent Supervisory Development Program	Identify the responsibilities of a supervisor towards the organisation and his team, enhance supervisory skills in people and resource management, understand various practical strategies and skills required in worker supervision effective supervisory skills to empower subordinates and develop high performance team, and managing employee from different generation age	As and when required	28	Non-Executive & Above
Corporate Liability Provision - MACCA 2018	Introduction and key features of the Malaysian Anti-Corruption Commission (Amendment 2018) Overview of PMB Technology Berhad's Anti Bribery & Anti-Corruption Policy	As and when required	60	Non-Executive & Above
Emergency Response Team (Mitigate & Control a Fire)	Defining what is an emergency and to understand Suitable ERT at PMB Silicon	As and when required	7	Non-Executive & Above
Accident Investigation in house Training	Enhance understanding on the important key elements, procedures and legislation requirements on Accident Investigation, Reporting and Prevention programme.	As and when required	21	Non-Executive & Above
Beyond New Norm "From New Norm to New Future OSH"	Discussion on the new norm area to new future OSH at the Workplace	As and when required	1	Managerial level
Statistical Process Control for Manufacturing	Increase body of knowledge of Statistical Process Control and its practical application in quality control for personnel that requires understanding and application of SPC	As and when required	16	Executive & Above
ISO 9001 Understanding & Implementing	Improve organisational Quality Management System using its best practice to deliver products and services that meet customer and regulatory requirements	Every 2 Year	46	Non-Executive & Above
ISO 9001 :2015 Internal Auditing Training	Understand how ISO 9001 helps to continually improve organisational Quality Management System using its best practice to deliver products and services that meet customer and regulatory requirements	Every 2 Year	47	Non-Executive & Above

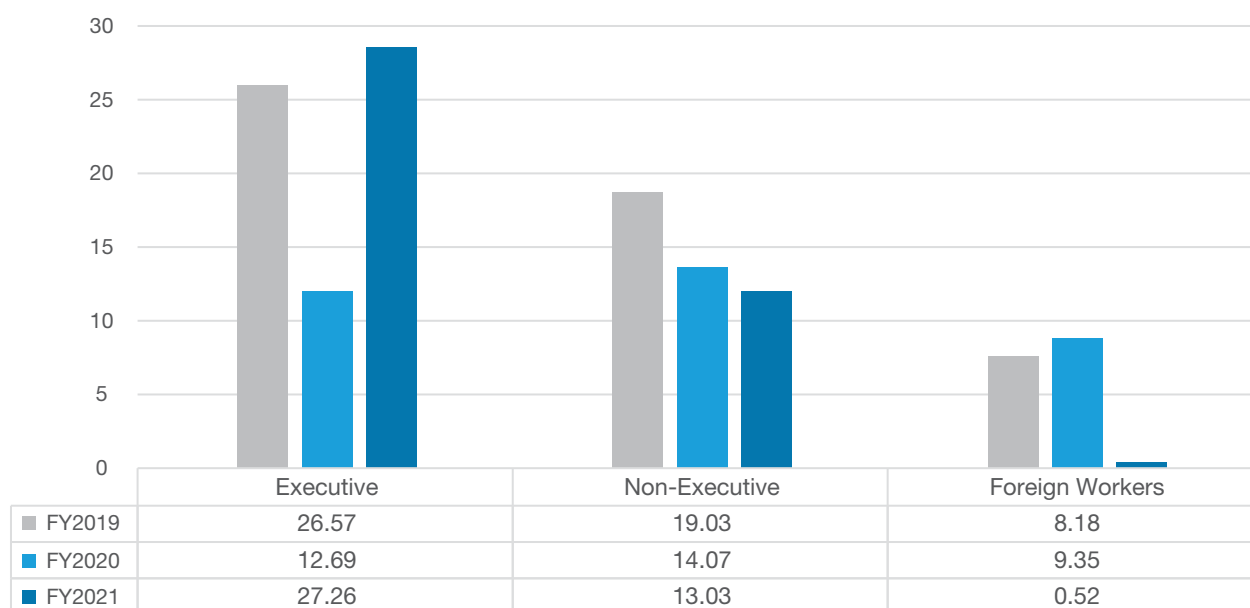
SUSTAINABILITY STATEMENT

cont'd

Type of Training	Description	Frequency	No. of Participants	Attendees
OTHER TRAINING				
Induction Training	Briefing on Company Policies, Anti Bribery & Corruption Policies, and HR Policies for new employees	As and when required	284	Non-Executive & Above
Angina Pectoris VS Myocardial Infarction	Awareness Training on the Angina Pectoris Vs Myocardial	As and when required	19	Non-Executive & Above
Food Handling Training	Basic Food Handling course developed for delivery to all staff involved in receipt, preparation, storage and serving of food.	As and when required	7	Non-Executive & Above
Kempen Keselamatan Pergi Balik Tempat Kerja	Increase employee awareness on the Importance of the Safety on the Road	As and when required	8	Non-Executive & Above

During the reporting year, the average training hours per employee are as follows:

Average Training Hours



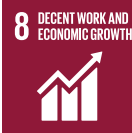
Notes:

- The average man-days spent on trainings for employees in FY2021 was 1.05 with an average cost of RM 140.32 per employee.
- The increase in training man-days is mainly due to the extra prioritisation in developing employees' on-the-job skills and safety awareness within their job scope.
- The decrease in training hours for foreign workers is due to the very few intake of new foreign workers and due to the Covid SOP restrictions.

There were unfortunately no scholarships provided in FY2021 due to the pandemic, however the Group was fortunate to be able to provide one (1) internship during FY2021. The intern worked under the technical department for 2 months and was subsequently hired as permanent employee for the position of electrical engineer.

SUSTAINABILITY STATEMENT

cont'd



COMMUNITY DEVELOPMENT

GRI 413: Local Communities

As part of PMBT's sustainability initiatives, PMBT understands the need to contribute to community development and social programmes. During the reporting year, PMBT has conducted several volunteer programmes for the benefit of the society during these tough times.

In the coming year, PMBT strives to continue contributing to the society through different community actions and activities since it is a vital element of growth for PMBT.

Types of Programme	Types of Non-Monetary Contribution	No. of Beneficiaries	Positive Outcomes
Because We Care	Food supply	100	Shared vacancies leaflet; Activities published in Newspaper and Facebook to enhance PMB Silicon's reputation.
Flood Relief Assistance - Hulu Langat	Food supply and necessities item	100	Strengthened bond with the community and enhanced PMBT's social reputation.

Because We Care programme:



SUSTAINABILITY STATEMENT

cont'd

Flood Relief Assistance - Hulu Langat programme:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of public listed companies are required to include in their annual report a statement about the state of risk management and internal control of the listed issuer as a group. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the group's assets. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines").

BOARD RESPONSIBILITY

The Board is committed to maintain both a sound system of risk management and internal control and the proper management of risks throughout the operations of the Group in order to safeguard shareholders' investment and assets of the Group. The Board acknowledges that it is ultimately responsible for the Group's system of internal control which main features include the establishment of an appropriate control environment and framework, including financial, operational and compliance controls and risk management.

The Board is responsible in identifying, evaluating and managing the significant risks of the Group, as well as reviewing the adequacy and effectiveness of the risk management and internal control system on an ongoing basis. This process has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

The Board believes that the risk management and internal control system in place is adequate and effective to manage the risk of the Group. Nevertheless, it should be noted that due to the inherent limitations in any system, such systems are designed to reduce rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Company has established, maintained and reviewed a proper risk management framework to identify, measure and control risks that may prevent the Group from achieving its objectives.

The Risk Management Policy has been approved by the Board and it governs the risk management approach applied to the Group. The major risks in which the Group is exposed to are operational, strategic, financial, products and reputational risks.

The Audit Committee reviews the effectiveness of the Risk Management Policy from time to time to continuously improve the risk management in this dynamic business environment.

The Audit Committee has engaged the services of external consultants to assess the adequacy and effectiveness of the internal control system. The internal audit process covers the audit of selected units and operations based on risk assessment conducted by the internal auditors and approved by the Audit Committee. The Audit Committee is kept informed of the internal audit process, from the annual audit plan up to the audit findings and reporting. The details on the Internal Audit function are further explained on pages 18 to 19 of this Annual Report.

During the financial year, the internal audit function conducted internal audits in accordance with the approved internal audit plan for the purposes of assessing the adequacy and effectiveness of the internal control systems. The results of the audit and recommendations for improvement co-developed with Management were presented at the Audit Committee Meetings, and subsequently approved by the Board.

A few internal control weaknesses were identified during the period, all of which have been, or are being addressed. System of internal controls is being implemented and continuous reviews are being carried out to ensure its adequacy and effectiveness. None of these weaknesses have resulted in any material error and losses, contingencies or uncertainties that would require mention in the Group's annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the other key elements of the Group's internal control systems are described below:

- A management structure with job descriptions and defined lines of responsibilities is in place for all business operating units;
- Three of its subsidiaries have the following accreditation for their operational processes:-

Everlast Aluminium (M) Sdn. Bhd.	<ul style="list-style-type: none"> • SIRIM BS 2037:1994 on portable aluminium ladder • SIRIM BS EN 1004:2004 on prefabricated mobile access and working tower • SIRIM BS EN 131-2:1993 portable aluminum ladder • SIRIM BS EN 131-2:1993 on portable fiberglass ladder • SIRIM BS EN 131-7:2013 on mobile ladders with platform • ISO 9001:2015 on Quality Management System
PMB Façade Technology Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management System
PMB Silicon Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management System

- Review of all proposals for material capital and investment acquisitions by the Management prior to the review and approval by the Board of Directors;
- Information is provided by the Management to the Board on a quarterly basis, covering financial performance as well as key performance indicators, such as cash flow performance, product sales analysis and operating cost analysis. These performance reports are benchmarked against budgets;
- Quarterly monitoring of results and financial position by the Board;
- Visits to business operating units by key members of the Board and the Management team at least every 6 months;
- Quarterly review of Group related party transactions by the Audit Committee;
- Company value statement, code of conduct, anti-bribery and corruption policies and procedures are in place and made available to all staff; and
- Charter of responsibilities and functions of the Board of Directors and its main committees - Audit Committee, Nomination Committee and Remuneration Committee.

Management has taken the necessary actions to remediate weakness identified for the financial year under review. The Board and the Management will continue to monitor the effectiveness and take measures to improve the risk management and the internal control systems.

ASSURANCE PROVIDED BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Group Chief Executive Officer and Chief Financial Officer have provided assurance to the Board stating that the Group's risk management and internal control system has operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspect of any significant problems disclosed in the annual report will, in fact, remedy the problems.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

for the year ended 31 December 2021

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	152,775	5,562

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the amount of dividend paid by the Company was as follows:

- i) In respect of the financial year ended 31 December 2020 as reported in the Directors' Report of that year:
 - A first interim ordinary dividend of 1 sen per ordinary share totalling RM2,057,613 declared on 23 February 2021 and paid on 13 April 2021.

Subsequent to the financial year end, the Directors declared a first interim ordinary dividend of 5 sen per ordinary share totalling RM11,690,030 on 24 February 2022 in respect of the financial year ended 31 December 2021, which was paid on 05 April 2022. The Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

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

Tan Sri Dato' Koon Poh Keong
 Koon Poh Ming
 Dato' Koon Poh Tat
 Koon Poh Weng
 Loo Lean Hock
 Ernest Bong Miao Fatt
 Noor Alina Binti Mohamad Faiz

DIRECTORS' REPORT

for the year ended 31 December 2021
cont'd

DIRECTORS OF THE COMPANY cont'd

The Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Tan Sri Dato' Koon Poh Keong
Dato' Koon Poh Tat
Koon Poh Ming
Koon Poh Weng
Koon Poh Kong

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			At 31.12.2021
	At 1.1.2021	Bought/ Transferred	Sold/ Transferred	
Interest in the Company:				
Tan Sri Dato' Koon Poh Keong	6,222,500	-	-	6,222,500
Koon Poh Ming				
- own	4,100,500	9,400,000	-	13,500,500
- spouse *	11,812,230	8,000,000	(9,000,000)	10,812,230
- children *	15,000,000	-	-	15,000,000
Dato' Koon Poh Tat	10,950,500	238,500	-	11,189,000
Koon Poh Weng				
- own	4,360,500	400,000	-	4,760,500
- spouse &	1,500,000	6,300,000	-	7,800,000
- child &	10,000	-	-	10,000
Ernest Bong Miao Fatt	96,000	-	-	96,000
Deemed interest in the Company:				
Tan Sri Dato' Koon Poh Keong ^	42,951,916	-	-	42,951,916
Koon Poh Ming #	13,594,576	-	(1,638,500)	11,956,076
Dato' Koon Poh Tat #	13,594,576	-	(1,638,500)	11,956,076
Koon Poh Weng #	13,594,576	-	(1,638,500)	11,956,076

DIRECTORS' REPORT

for the year ended 31 December 2021
cont'd

DIRECTORS' INTERESTS IN SHARES cont'd

	Number of irredeemable convertible unsecured loan stocks ("ICULS")			
	At 1.1.2021	Bought	Sold/ Converted	At 31.12.2021
Interest in the Company:				
Tan Sri Dato' Koon Poh Keong	1,091,000	-	-	1,091,000
Koon Poh Ming				
- own	30,000	-	-	30,000
- spouse *	6,540,515	-	-	6,540,515
- children *	8,461,000	-	-	8,461,000
Dato' Koon Poh Tat	3,455,000	-	-	3,455,000
Koon Poh Weng				
- own	10,000	-	-	10,000
- spouse &	2,000,000	1,000,000	-	3,000,000
- child &	2,086,500	-	-	2,086,500
Ernest Bong Miao Fatt	48,000	-	-	48,000
Deemed interest in the Company:				
Tan Sri Dato' Koon Poh Keong ^	21,475,958	-	-	21,475,958
Koon Poh Ming #	6,797,288	-	-	6,797,288
Dato' Koon Poh Tat #	6,797,288	-	-	6,797,288
Koon Poh Weng #	6,797,288	-	-	6,797,288
	Number of warrants			
	At 1.1.2021	Granted	Exercised	At 31.12.2021
Interest in the Company:				
Tan Sri Dato' Koon Poh Keong	545,500	-	-	545,500
Koon Poh Ming				
- own	15,000	-	-	15,000
- spouse *	3,270,258	-	-	3,270,258
- children *	4,230,500	-	-	4,230,500
Dato' Koon Poh Tat	1,727,500	-	-	1,727,500
Koon Poh Weng				
- own	5,000	-	-	5,000
- child &	2,500	-	-	2,500
Ernest Bong Miao Fatt	24,000	-	-	24,000
Deemed interest in the Company:				
Tan Sri Dato' Koon Poh Keong ^	10,737,979	-	-	10,737,979
Koon Poh Ming #	3,398,644	-	-	3,398,644
Dato' Koon Poh Tat #	3,398,644	-	-	3,398,644
Koon Poh Weng #	3,398,644	-	-	3,398,644

DIRECTORS' REPORT

for the year ended 31 December 2021
cont'd

DIRECTORS' INTERESTS IN SHARES cont'd

- * *In accordance with the Companies Act, the interests of the spouse and the children of Koon Poh Ming in the shares of the Company shall be treated as the interest of Koon Poh Ming.*
- & *In accordance with the Companies Act, the interests of the spouse and the child of Koon Poh Weng in the shares of the Company shall be treated as the interest of Koon Poh Weng.*
- # *Deemed interested by virtue of their interests in Weng Fatt Stainless Steel Sdn. Bhd.*
- ^ *Deemed interested by virtue of his interests in Alpha Milestone Sdn. Bhd. which holds shares in Press Metal Aluminium Holdings Berhad, which in turn holds shares in PMB Technology Berhad.*

By virtue of their interests in the shares of the Company, Tan Sri Dato' Koon Poh Keong and Koon Poh Ming are also deemed interested in the shares of the subsidiaries during the financial year to the extent that PMB Technology Berhad has an interest.

None of the other Directors holding office at 31 December 2021 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 29 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from 210,634,650 ordinary shares to 217,702,269 ordinary shares by way of the issuance of 7,067,619 new ordinary shares pursuant to the conversion of 558,900 units of ICULS of RM1,532,000 and exercise of 6,508,719 units of Warrants of RM25,290,000.

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

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

TREASURY SHARES

There were no repurchase of treasury shares during the financial year. As at 31 December 2021, the Company held 5,040,400 (2020: 5,040,400) treasury shares under Section 127 of the Companies Act 2016.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the detachable warrants issued pursuant to the Rights Issue of ICULS with Warrants in the financial year 2018. Salient features of the Warrants are disclosed in Note 14 to the financial statements.

DIRECTORS' REPORT

for the year ended 31 December 2021
cont'd

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officers of the Group are RM3,000,000 and RM9,500 respectively. There is no indemnity given to or professional indemnity insurance effected for auditors for the Group and the Company.

OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events are disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT

for the year ended 31 December 2021
cont'd

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 32 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

Koon Poh Ming
Director

Koon Poh Weng
Director

Petaling Jaya, Selangor

Date: 29 April 2022

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	3	784,441	769,248	2	2
Goodwill	4	792	792	-	-
Investment properties	5	4,474	4,574	-	-
Investments in subsidiaries	6	-	-	251,790	251,790
Investment in associates	7	-	-	-	-
Inventories	10	32,961	-	-	-
Deferred tax assets	8	2,923	4,044	3,139	4,044
Derivatives financial assets	9	3,634	7,581	-	-
Trade and other receivables	12	25,383	26,943	-	-
Total non-current assets		854,608	813,182	254,931	255,836
<hr style="border-top: 1px dashed black;"/>					
Inventories	10	256,767	109,807	-	-
Contract assets	11	73,454	30,820	-	-
Current tax assets		1,974	1,879	140	93
Trade and other receivables	12	185,420	152,609	214,993	197,802
Derivatives financial assets	9	2,142	3,082	-	-
Cash and cash equivalents	13	83,052	52,558	860	210
Total current assets		602,809	350,755	215,993	198,105
Total assets		1,457,417	1,163,937	470,924	453,941
<hr style="border-top: 1px solid black;"/>					
Equity					
Share capital		230,096	203,274	230,096	203,274
Translation reserve		4,440	3,147	-	-
Treasury shares		(2,220)	(2,220)	(2,220)	(2,220)
ICULS equity		152,310	153,457	152,310	153,457
Warrants reserve		28,222	33,921	28,222	33,921
Hedging reserve		5,360	9,895	-	-
Retained earnings		306,656	156,312	16,876	13,745
Equity attributable to owners of the Company	14	724,864	557,786	425,284	402,177

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

cont'd

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Liabilities					
ICULS liabilities	14	11,392	16,408	11,392	16,408
Loans and borrowings	15	220,774	261,636	-	-
Lease liabilities		11,206	4,650	-	-
Deferred tax liabilities	8	41,211	6,435	-	-
Total non-current liabilities		284,583	289,129	11,392	16,408
Loans and borrowings	15	278,240	168,050	-	-
Lease liabilities		6,085	4,874	-	-
Trade and other payables	16	159,844	139,930	34,248	35,356
Contract liabilities	11	2,905	4,105	-	-
Current tax liabilities		896	63	-	-
Total current liabilities		447,970	317,022	34,248	35,356
Total liabilities		732,553	606,151	45,640	51,764
Total equity and liabilities		1,457,417	1,163,937	470,924	453,941

The notes on pages 97 to 162 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	17	913,195	604,811	4,320	6,520
Cost of sales	18	(644,052)	(517,188)	-	-
Gross profit		269,143	87,623	4,320	6,520
Other income		3,688	5,048	-	-
Distribution expenses		(2,575)	(2,510)	-	-
Administrative expenses		(37,952)	(31,243)	(1,998)	(2,157)
Net loss on impairment of financial instruments and contract assets		(93)	(122)	-	-
Other expenses		(18,680)	(23,022)	(836)	(744)
Results from operating activities		213,531	35,774	1,486	3,619
Finance income	19	301	236	6,121	6,169
Finance costs	20	(20,239)	(11,366)	(1,143)	(1,574)
Net finance (costs)/income		(19,938)	(11,130)	4,978	4,595
Profit before tax		193,593	24,644	6,464	8,214
Tax expense	21	(40,818)	(1,933)	(902)	(691)
Profit for the year	22	152,775	22,711	5,562	7,523
Other comprehensive income/ (expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge		(4,535)	3,735	-	-
Foreign currency translation differences for foreign operations		1,293	(664)	-	-
Other comprehensive (expenses)/income for the year, net of tax		(3,242)	3,071	-	-
Total comprehensive income for the year		149,533	25,782	5,562	7,523
Basic earnings per ordinary share (sen)	23	73.29	11.06		
Diluted earnings per ordinary share (sen)	23	49.76	7.74		

The notes on pages 97 to 162 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

Group	Note	Attributable to owners of the Group		Non-distributable			Distributable		Total equity RM'000
		Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Hedging reserve RM'000	ICULS equity RM'000	Warrants reserve RM'000	Retained earnings RM'000	
At 1 January 2020		200,633	3,811	(2,220)	6,160	155,434	33,921	137,094	534,833
Cash flow hedge		-	-	-	3,735	-	-	-	3,735
Foreign currency translation differences for foreign operations		-	(664)	-	-	-	-	-	(664)
Total other comprehensive (expense)/income for the year		-	(664)	-	3,735	-	-	-	3,071
Profit for the year		-	-	-	-	-	-	22,711	22,711
Total comprehensive (expense)/income for the year		-	(664)	-	3,735	-	-	22,711	25,782
Dividends to owners of the Company	24	-	-	-	-	-	-	(3,071)	(3,071)
Conversion of ICULS	14	2,641	-	-	-	(1,977)	-	(422)	242
At 31 December 2020		203,274	3,147	(2,220)	9,895	153,457	33,921	156,312	557,786
		Note 14	Note 14	Note 14	Note 27.7	Note 14	Note 14	Note 14	Note 14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021
cont'd

Group	Note	Attributable to owners of the Group		Non-distributable			Distributable		Total equity
		Share capital	Translation reserve	Treasury shares	Hedging reserve	ICULS equity	Warrants reserve	Retained earnings	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021		203,274	3,147	(2,220)	9,895	153,457	33,921	156,312	557,786
Cash flow hedge		-	-	-	(4,535)	-	-	-	(4,535)
Foreign currency translation differences for foreign operations		-	1,293	-	-	-	-	-	1,293
Total other comprehensive income/(expense) for the year		-	1,293	-	(4,535)	-	-	-	(3,242)
Profit for the year		-	-	-	-	-	-	152,775	152,775
Total comprehensive income/(expense) for the year		-	1,293	-	(4,535)	-	-	152,775	149,533
Dividends to owners of the Company	24	-	-	-	-	-	-	(2,058)	(2,058)
Conversion of ICULS	14	1,532	-	-	-	(1,147)	-	(373)	12
Exercise of Warrants	14	25,290	-	-	-	-	(5,699)	-	19,591
At 31 December 2021		230,096	4,440	(2,220)	5,360	152,310	28,222	306,656	724,864
	Note 14	Note 14	Note 14	Note 14	Note 27.7	Note 14	Note 14	Note 14	Note 14

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

Company	Note	← Attributable to owners of the Company →						Total equity RM'000
		← Non-distributable →				Distributable		
		Share capital RM'000	Treasury shares RM'000	ICULS equity RM'000	Warrants reserve RM'000	Retained earnings RM'000		
At 1 January 2020		200,633	(2,220)	155,434	33,921	9,715	397,483	
Profit and total comprehensive income for the year		-	-	-	-	7,523	7,523	
Dividends to owners of the Company	24	-	-	-	-	(3,071)	(3,071)	
Conversion of ICULS	14	2,641	-	(1,977)	-	(422)	242	
At 31 December 2020/1 January 2021		203,274	(2,220)	153,457	33,921	13,745	402,177	
Profit and total comprehensive income for the year		-	-	-	-	5,562	5,562	
Dividends to owners of the Company	24	-	-	-	-	(2,058)	(2,058)	
Conversion of ICULS	14	1,532	-	(1,147)	-	(373)	12	
Exercise of Warrants	14	25,290	-	-	(5,699)	-	19,591	
At 31 December 2021		230,096	(2,220)	152,310	28,222	16,876	425,284	
		Note 14	Note 14	Note 14	Note 14			

The notes on pages 97 to 162 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before tax		193,593	24,644	6,464	8,214
<i>Adjustments for:</i>					
Depreciation of investment properties	5	100	100	-	-
Depreciation of property, plant and equipment	3	34,712	29,311	-	1
Dividend income	17	-	-	(3,000)	(5,000)
Finance costs	20	20,239	11,366	1,143	1,574
Finance income	19	(301)	(236)	(6,121)	(6,169)
Inventories written off		5,569	-	-	-
Net gain on disposal of property, plant and equipment		(26)	(38)	-	-
Net loss on impairment of financial instruments and contract assets		93	122	-	-
Net gain on termination of right-of-use assets		(2)	(12)	-	-
Unrealised foreign exchange gain		(831)	(569)	-	-
Operating profit/(loss) before changes in working capital		253,146	64,688	(1,514)	(1,380)
Change in inventories		(152,529)	42,045	-	-
Change in trade and other payables		19,314	(6,667)	(153)	(17)
Change in trade and other receivables		(30,297)	(17,950)	(56)	-
Change in contract assets		(42,634)	(5,919)	-	-
Change in contract liabilities		(1,200)	(5,175)	-	-
Cash generated from/(used in) operations		45,800	71,022	(1,723)	(1,397)
Tax paid		(4,193)	(5,482)	(47)	(48)
Tax refunded		359	250	-	-
Net cash from/(used in) operating activities		41,966	65,790	(1,770)	(1,445)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

cont'd

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(36,665)	(80,926)	-	-
Acquisition of right-of-use assets	(ii)	(138)	(215)	-	-
Acquisition of land held for property development		(32,961)	-	-	-
Dividends received from subsidiaries		-	-	3,000	5,000
Increase in investment in subsidiaries		-	-	-	(3,000)
Interest received		301	236	6,121	6,169
Proceeds from disposal of property, plant and equipment		26	38	-	-
Net cash (used in)/from investing activities		(69,437)	(80,867)	9,121	8,169
Cash flows from financing activities					
(Advances to)/Repayment from subsidiaries		-	-	(17,135)	2,024
Dividends paid to owners of the Company	24	(2,058)	(5,117)	(2,058)	(5,117)
Drawdown of bankers' acceptances and trust receipts		541,932	220,333	-	-
Drawdown of bank loans		24,170	54,476	-	-
Drawdown of revolving credits		61,114	40,349	-	-
(Decrease)/Increase in amount due to subsidiaries		-	-	(1,111)	617
Increase/(Decrease) in amount due to affiliated companies		384	(254)	156	134
Increase in amount due from an associate		-	(14)	-	-
Interest paid on loans and borrowings		(25,445)	(25,809)	(6,144)	(6,207)
Proceeds from exercise of Warrants		19,591	-	19,591	-
Repayment of bank loans		(39,448)	(13,821)	-	-
Repayment of bankers' acceptances and trust receipts		(480,686)	(258,515)	-	-
Payment of lease liabilities		(5,090)	(8,922)	-	-
Repayment of revolving credits		(37,349)	(14,433)	-	-
Net cash from/(used in) financing activities		57,115	(11,727)	(6,701)	(8,549)
Net increase/(decrease) in cash and cash equivalents		29,644	(26,804)	650	(1,825)
Effect of foreign currency exchange rate fluctuations		1,255	(598)	-	-
Cash and cash equivalents at 1 January		52,153	79,555	210	2,035
Cash and cash equivalents at 31 December		83,052	52,153	860	210

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

cont'd

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	13	83,052	52,558	860	210
Bank overdrafts	15	-	(405)	-	-
		83,052	52,153	860	210

(ii) Acquisition of right-of-use assets

During the financial year ended 31 December 2021, the Group recognised right-of-use assets amounting to RM13,077,000 (2020: RM6,617,000) of which RM138,000 (2020: RM215,000) were down payments made in cash.

(iii) Cash outflows for leases as a lessee

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	22	3,121	1,026	-	-
Included in net cash from financing activities					
Interest paid in relation to lease liabilities	20	613	527	-	-
Payment of lease liabilities		5,090	8,922	-	-
Total cash outflows for leases		8,824	10,475	-	-

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

cont'd

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

Group	At 1.1.2020		Net changes from financing cash flows		Acquisition of new lease		Termination		At 31.12.2021	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank loans	257,507	40,655	-	(15,278)	-	-	-	-	-	282,884
Bankers' acceptances	111,112	(35,453)	-	33,039	-	-	-	-	-	108,698
Trust receipts	21,840	(2,729)	-	28,207	-	-	-	-	-	47,318
Revolving credits	10,433	25,916	-	23,765	-	-	-	-	-	60,114
Bank overdrafts	828	(423)	-	(405)	-	-	-	-	-	-
Lease liabilities	12,194	(8,922)	6,402	(5,090)	12,939	(82)	-	-	(82)	17,291
	413,914	19,044	6,402	64,238	12,939	(82)	-	-	(82)	516,305

The notes on pages 97 to 162 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

PMB Technology Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 1797, Jalan Balakong
Bukit Belimbing
43300 Seri Kembangan
Selangor Darul Ehsan

Registered office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associate. The financial statements of the Company as at and for the financial year ended 31 December 2021 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 29 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have early adopted amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021* and amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use* that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022 respectively.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(a) Statement of compliance cont'd

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for those marked with “**” which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(d) Use of estimates and judgements cont'd

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

- Note 3 - extension options and incremental borrowing rate in relation to leases
- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 17 - revenue from construction contracts
- Note 28 - measurement of expected credit loss ("ECL")

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

(ii) Business combinations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Basis of consolidation cont'd

(ii) Business combinations cont'd

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

(iii) Loss of control

Upon the loss of control of subsidiaries, the Group derecognises the assets and liabilities of the former subsidiaries, any non-controlling interests and the other components of equity related to the former subsidiaries from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Basis of consolidation cont'd

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

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

(vi) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Foreign currency cont'd

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

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

Amortised cost

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(m)(i)) where the effective interest rate is applied to the amortised cost.

Financial assets measured at amortised cost are subject to impairment assessment (see note 2(m)(i)).

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Financial instruments cont'd

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

Financial liabilities

Amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

(iii) Financial guarantee contracts

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

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

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

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

(iv) Hedge accounting

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

Cash flow hedge

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Financial instruments cont'd

(iv) Hedge accounting cont'd

Cash flow hedge cont'd

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

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

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

(v) Derecognition

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

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

(vi) Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and property, plant and equipment under construction are measured at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

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

• buildings	17 - 50 years
• motor vehicles	5 - 10 years
• office renovation	5 - 10 years
• furniture and fittings	5 - 10 years
• office equipment	5 - 10 years
• plant and equipment/machinery	3 - 25 years

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(e) Leases

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(e) Leases cont'd

(ii) Recognition and initial measurement cont'd

(a) As a lessee cont'd

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

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

(b) As a lessor

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

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

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(e) Leases cont'd

(iii) Subsequent measurement cont'd

(b) As a lessor

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

(f) Goodwill

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

Amortisation

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

(g) Affiliated companies

An affiliated company is a company which holds a long-term equity interest of between 20% to 50% of the issued equity capital of the company, and exercises significant influence over the financial and operating policies of the company. In the context of these financial statements, affiliated companies also include the subsidiaries of the affiliated company.

(h) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and buildings held for a currently undetermined future use or leased out. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

(i) Inventories

(i) Property development

Land held for property development consists of reclaimed land, freehold land, leasehold land and land use rights on which development work has not been commenced along with related costs on activities that are necessary to prepare the land for its intended use. Land held for property development is transferred to properties under development or work-in-progress when development activities have commenced.

Development costs comprises all costs directly attributable to property development activities or that can be allocated on a reasonable basis to these activities. Upon completion of development, unsold completed development properties are transferred to completed properties held for sale.

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(i) Inventories cont'd

(ii) Manufacturing inventories

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

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

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

(j) Contract asset/Contract liability

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

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

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(l) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Costs to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(m) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(m) Impairment cont'd

(ii) Other assets cont'd

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

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

(n) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(o) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with the changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity, no gain or loss is recognised on conversion.

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(q) Revenue and other income

(i) Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(q) Revenue and other income cont'd

(i) Revenue cont'd

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

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from property and motor vehicle are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) Management fee income

Management fee income is recognised in profit or loss when the services are provided.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(s) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(t) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise irredeemable convertible unsecured loan stock.

(u) Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(v) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Fair value measurements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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3. PROPERTY, PLANT AND EQUIPMENT cont'd

Group	Land	Buildings	Motor vehicles	Office renovation	Furniture and fittings	Office equipment	Plant and equipment/machinery	Capital work-in-progress	Right-of-use assets	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation										
At 1 January 2020	-	7,988	3,241	345	2,133	4,273	89,543	-	12,058	119,581
Depreciation for the year	-	4,482	301	114	147	487	18,691	-	5,089	29,311
Disposals/Derecognition	-	-	-	-	-	-	(55)	-	(2,474)	(2,529)
Write-off	-	-	-	-	(8)	(91)	(62)	-	-	(161)
Reclassification	-	-	1,022	-	1	19	3,737	-	(4,779)	-
Effect of movements in exchange rates	-	-	-	(9)	(2)	(25)	-	-	-	(36)
At 31 December 2020/1 January 2021	-	12,470	4,564	450	2,271	4,663	111,854	-	9,894	146,166
Depreciation for the year	-	7,548	357	112	130	534	21,755	-	4,276	34,712
Disposals/Derecognition	-	-	-	-	-	-	(49)	-	(643)	(692)
Write-off	-	-	-	-	-	-	1,724	-	(1,970)	-
Reclassification	-	-	246	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	14	3	48	-	-	-	65
At 31 December 2021	-	20,018	5,167	576	2,404	5,245	135,284	-	11,557	180,251
Carrying amount										
At 1 January 2020	5,002	158,106	992	807	504	2,437	206,275	253,902	73,327	701,352
At 31 December 2020/1 January 2021	5,002	339,459	1,303	685	447	2,614	352,557	-	67,181	769,248
At 31 December 2021	5,002	347,230	1,582	597	594	2,836	354,406	-	72,194	784,441

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

Company Cost	Furniture and fittings RM'000
At 1 January 2020/31 December 2020/ 31 December 2021	15
Depreciation	
At 1 January 2020	12
Depreciation for the year	1
At 31 December 2020/31 December 2021	13
Carrying amount	
At 1 January 2020	3
At 31 December 2020/1 January 2021/31 December 2021	2

3.1 Security

Properties with a carrying amount of RM303,168,000 (2020: RM313,133,000) are pledged as security to secure bank loans and revolving credits granted to the Group (see Note 15).

3.2 Borrowing costs

Included in additions of property, plant and equipment is borrowing costs capitalised of RM9,810,000 (2020: RM205,000) as disclosed in Note 20 to the financial statements.

3.3 Right-of-use assets

Group	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and equipment/ machinery RM'000	Total RM'000
Cost						
At 1 January 2020	55,310	3,036	3,914	102	23,023	85,385
Additions	-	2,364	162	-	4,091	6,617
Borrowing costs capitalised at 3.57% per annum	870	-	-	-	-	870
Reclassification	-	-	(1,439)	(102)	(11,644)	(13,185)
Derecognition	-	(2,397)	-	-	(77)	(2,474)
Termination	-	(138)	-	-	-	(138)
At 31 December 2020/ 1 January 2021	56,180	2,865	2,637	-	15,393	77,075
Additions	-	1,223	318	-	11,536	13,077
Borrowing costs capitalised at 3.30% per annum	205	-	-	-	-	205
Reclassification	-	-	(761)	-	(5,122)	(5,883)
Derecognition	-	(554)	-	-	(89)	(643)
Termination	-	(80)	-	-	-	(80)
At 31 December 2021	56,385	3,454	2,194	-	21,718	83,751

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

3.3 Right-of-use assets cont'd

Group cont'd	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and equipment/ machinery RM'000	Total RM'000
Depreciation						
At 1 January 2020	4,800	1,747	1,177	15	4,319	12,058
Depreciation for the year	1,054	1,643	341	5	2,046	5,089
Reclassification	-	-	(1,022)	(20)	(3,737)	(4,779)
Derecognition	-	(2,397)	-	-	(77)	(2,474)
At 31 December 2020/1 January 2021	5,854	993	496	-	2,551	9,894
Depreciation for the year	1,058	1,350	265	-	1,603	4,276
Reclassification	-	-	(246)	-	(1,724)	(1,970)
Derecognition	-	(554)	-	-	(89)	(643)
At 31 December 2021	6,912	1,789	515	-	2,341	11,557
Carrying amount						
At 1 January 2020	50,510	1,289	2,737	87	18,704	73,327
At 31 December 2020/ 1 January 2021	50,326	1,872	2,141	-	12,842	67,181
At 31 December 2021	49,473	1,665	1,679	-	19,377	72,194

The Group leases a number of office premises, apartments, warehouses and factory facilities under operating leases, with an option to renew the leases after their expiration. None of the leases include contingent rentals.

3.3.1 Significant judgements and assumptions in relation to lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

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4. GOODWILL

	Group	
	2021 RM'000	2020 RM'000
Cost		
At 1 January/31 December	792	792

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2021 RM'000	2020 RM'000
PMB Quick Access Sdn. Bhd.	2	2
PMB-Cyberwall Limited	790	790
	792	792

The Directors are of the opinion that the goodwill allocated to PMB Quick Access Sdn. Bhd. is not material. Hence, the disclosures below do not cover the impairment testing performed for PMB Quick Access Sdn. Bhd..

PMB-Cyberwall Limited ("PMB-Cyberwall")

The recoverable amount of PMB-Cyberwall was based on its value in use, determined by discounting future cash flows to be generated by PMB-Cyberwall. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

Cash flows were projected based on past experience, actual operating results and 5 years business plan. A terminal growth rate of 2% (2020: 2%) was then applied. Management believes that this terminal growth rate was justified due to the long-term nature of the construction business.

- The anticipated growth rate for revenue, based on past experience, was estimated to be 5% (2020: 5%).
- The anticipated incremental rate for cost, based on past experience, was estimated to be 5% (2020: 5%).
- A pre-tax discount rate of 8% (2020: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the industry weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the construction industry and are based on both external sources and internal sources of historical data.

The above estimates are not particularly sensitive in any areas.

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
Cost				
At 1 January 2020/31 December 2020/ 31 December 2021	42	1,486	3,520	5,048
Depreciation				
At 1 January 2020	-	371	3	374
Depreciation for the year	-	30	70	100
At 31 December 2020/1 January 2021	-	401	73	474
Depreciation for the year	-	30	70	100
At 31 December 2021	-	431	143	574
Carrying amounts				
At 1 January 2020	42	1,115	3,517	4,674
At 31 December 2020/1 January 2021	42	1,085	3,447	4,574
At 31 December 2021	42	1,055	3,377	4,474

Investment properties comprise freehold land, residential properties and commercial properties that are leased to third parties or vacant.

Investment properties with a carrying amount of RM3,377,000 (2020: nil) are pledged as security to secure bank loans granted to the Group (see Note 15).

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

	Group	
	2021 RM'000	2020 RM'000
Rental income	93	75
Direct operating expenses:		
- income generating investment properties	(76)	(55)
- non-income generating investment properties	(117)	(96)

Fair value information

Fair value of investment properties are categorised as follows:

	Group	
	2021 RM'000	2020 RM'000
Level 3		
Freehold land	86	84
Buildings	6,541	5,451
	6,627	5,535

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT PROPERTIES cont'd

Fair value information cont'd

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

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting period with similar land usage, land size and location.	The estimated fair value would increase/(decrease) if recent transactions of similar properties at or near reporting period with similar land usage, land size and location were higher/(lower).

Valuation process applied by the Group for Level 3 fair value

The fair value of investment properties is estimated by the Directors using the comparison method. The comparison method entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	251,790	251,790

The movement of investments in subsidiaries is as follows:

	Company	
	2021 RM'000	2020 RM'000
At 1 January	251,790	248,790
Subscription of additional shares	-	3,000
At 31 December	251,790	251,790
Satisfied by cash	-	3,000
Consideration paid for subscription of additional shares	-	3,000

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES cont'd

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation/ Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
PMB Silicon Sdn. Bhd.	Malaysia	Production and distribution of metallic silicon and related products	100	100
PMB Land (Sg. Besi) Sdn. Bhd.	Malaysia	Property developer and manufacturing, trading and distribution of Industrial Building System (IBS).	100	100
PMB Façade Technology Sdn. Bhd. and its subsidiaries:-	Malaysia	Design, fabrication and installation of aluminium curtain wall, cladding systems and manufacturing and trading of aluminium related products	100	100
PMB Façade Technology (H.K.) Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall, cladding systems and other related products	100	100
PMB-Cyberwall Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall, cladding systems and other related products	100	100
Kai PMB Façade Technology Limited * # i	Bangladesh	Dormant	51	51
PMB Carbon Sdn. Bhd.	Malaysia	Investment holding company, manufacturing and marketing of carbon based products as well as trading, distribution and fabrication of aluminium related products	100	100
PMB Chemical Sdn. Bhd.	Malaysia	Dormant	100	100
Everlast Aluminium (M) Sdn. Bhd. and its subsidiaries:-	Malaysia	Marketing of aluminium and other related products	100	100
Everlast Environmental Management Sdn. Bhd.	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES cont'd

Details of the subsidiaries are as follows: cont'd

Name of entity	Country of incorporation/ Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
Everlast Access Technologies Sdn. Bhd.	Malaysia	Manufacturing and marketing of aluminium and other related products	100	100
PMB Quick Access Sdn. Bhd. *	Malaysia	Marketing and rental of scaffolding tower and machinery as well as trading of other related products and to provide relevant transportation services	100	100

* Not audited by member firms of KPMG International.

Consolidated based on management accounts.

i The non-controlling interests in this subsidiary are not material to the Group.

7. INVESTMENT IN ASSOCIATES

	Group	
	2021 RM'000	2020 RM'000
At cost		
Unquoted shares	100	100
Share of post-acquisition reserves	(100)	(100)
Group's share of net assets	-	-

The Group has two associates as follow:

	Effective ownership interest and voting interest	
	2021	2020
PMB-Qatar W.L.L (incorporated in Qatar)	49%	49%
Greentec Logging Sdn. Bhd. (incorporated in Malaysia)	40%	40%

Both associates are not material to the Group as it is dormant and hence, no further disclosures are provided.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

8. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	51,888	44,913	51,888	44,913
Provisions	(15)	(35)	-	-	(15)	(35)
Tax loss carry-forward	(1,147)	(907)	-	-	(1,147)	(907)
Unabsorbed capital allowances	(10,606)	(38,743)	-	-	(10,606)	(38,743)
ICULS	(2,334)	(3,675)	-	-	(2,334)	(3,675)
Hedging reserve	-	-	416	768	416	768
Other items	(130)	(30)	216	100	86	70
Tax (assets)/liabilities	(14,232)	(43,390)	52,520	45,781	38,288	2,391
Set off of tax	11,309	39,346	(11,309)	(39,346)	-	-
Net tax (assets)/liabilities	(2,923)	(4,044)	41,211	6,435	38,288	2,391
Company						
Provisions	(14)	(35)	-	-	(14)	(35)
Tax loss carry-forward	(574)	(334)	-	-	(574)	(334)
ICULS	(2,551)	(3,675)	-	-	(2,551)	(3,675)
Tax assets	(3,139)	(4,044)	-	-	(3,139)	(4,044)
Set off of tax	-	-	-	-	-	-
Net tax assets	(3,139)	(4,044)	-	-	(3,139)	(4,044)

NOTES TO THE FINANCIAL STATEMENTS

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8. DEFERRED TAX (ASSETS)/LIABILITIES cont'd

Recognised deferred tax (assets)/liabilities cont'd

Deferred tax assets and liabilities are attributable to the following:

	At 1.1.2020	Recognised in profit or loss (Note 21)	Recognised directly in equity (Note 14)	Recognised in other comprehensive income (Note 27.7)	At 31.12.2020/ 1.1.2021	Recognised in profit or loss (Note 21)	Recognised directly in equity (Note 14)	Recognised in other comprehensive income (Note 27.7)	At 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Property, plant and equipment	7,916	36,997	-	-	44,913	6,975	-	-	51,888
Provisions	(178)	143	-	-	(35)	20	-	-	(15)
Tax loss carried-forwards	-	(907)	-	-	(907)	(240)	-	-	(1,147)
Unabsorbed capital allowances	-	(38,743)	-	-	(38,743)	28,137	-	-	(10,606)
ICULS	(4,771)	1,026	70	-	(3,675)	1,338	3	-	(2,334)
Hedging reserve	-	-	-	768	768	-	-	(352)	416
Other items	58	12	-	-	70	16	-	-	86
	3,025	(1,472)	70	768	2,391	36,246	3	(352)	38,288
Company									
Provisions	(34)	(1)	-	-	(35)	21	-	-	(14)
Tax loss carried-forwards	-	(334)	-	-	(334)	(240)	-	-	(574)
ICULS	(4,771)	1,026	70	-	(3,675)	1,121	3	-	(2,551)
	(4,805)	691	70	-	(4,044)	902	3	-	(3,139)

NOTES TO THE FINANCIAL STATEMENTS

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9. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES)

	2021			2020		
	Nominal value	Assets	Liabilities	Nominal value	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Derivatives used for hedging:-						
Forward exchange contracts						
- Non-current	197,009	3,634	-	165,064	7,581	-
- Current	82,782	2,142	-	83,636	3,082	-
	279,791	5,776	-	248,700	10,663	-

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables denominated in currencies other than the functional currencies of Group entities. Most of the forward exchange contracts have maturities of one to fifty months after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

10. INVENTORIES

	Note	Group	
		2021	2020
		RM'000	RM'000
Non-current			
Land held for property development	10.1	32,961	-
Current			
Raw materials		121,948	57,212
Work-in-progress		7,892	6,069
Trading inventories and finished goods		126,927	46,526
		256,767	109,807
		289,728	109,907
Recognised in profit or loss:			
Inventories recognised as cost of sales		411,754	344,435
Inventories written off		5,569	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

10. INVENTORIES cont'd

10.1 Land held for property development cont'd

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 1 January 2020	-	-	-	-
Additions	30,000	-	2,961	32,961
At 31 December 2021	30,000	-	2,961	32,961

11. CONTRACT WITH CUSTOMERS

11.1 Contract assets/(liabilities)

	2021 RM'000	2020 RM'000
Group		
Contract assets	73,454	30,820
Contract liabilities	(2,905)	(4,105)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 to 60 days and payment is expected within 90 to 120 days.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised overtime during the construction projects. The contract liabilities are expected to be recognised as revenue over a period of 365 days.

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	2021 RM'000	2020 RM'000
Group		
Contract liabilities at the beginning of the period recognised as revenue during the financial year	(3,243)	(8,501)
Contract liabilities at the beginning of the period not recognised as revenue during the financial year due to change in time frame	(862)	(779)
Contract assets at the beginning of the period not transferred to trade receivables during the financial year due to change in time frame	6,692	6,722

NOTES TO THE FINANCIAL STATEMENTS

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12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current					
Trade					
Progress billings receivable	12.1	25,383	26,943	-	-
		25,383	26,943		
Current					
Trade					
Trade receivables		54,669	60,162	-	-
Progress billings receivable	12.1	58,438	50,461	-	-
Less: Impairment losses		(400)	(400)	-	-
		112,707	110,223	-	-
Amounts due from affiliated companies	12.2	10,039	9,955	-	-
		122,746	120,178		
Non-trade					
Amounts due from associate	12.2	-	14	-	-
Amounts due from subsidiaries	12.2	-	-	214,935	197,800
Other receivables		464	798	45	-
Deposits		28,255	8,430	2	2
Prepayments	12.3	33,955	23,189	11	-
		62,675	32,431	214,993	197,802
		185,420	152,609	214,993	197,802
		210,804	179,552	214,993	197,802

12.1 Progress billings receivable

Included in progress billings receivable at 31 December 2021 are retentions of RM25,536,000 (2020: RM27,256,000) relating to construction work-in-progress. Retentions are unsecured, interest free and are expected to be collected as follows:

	Group	
	2021 RM'000	2020 RM'000
Within 1 year	153	313
More than 1 year	25,383	26,943
	25,536	27,256

12.2 Amounts due from related parties

The trade amounts due from affiliated companies are subject to normal trade terms.

The non-trade amounts due from subsidiaries and associate are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

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12. TRADE AND OTHER RECEIVABLES cont'd

12.3 Prepayments

Included in the prepayments are advances made for plant and equipment and raw materials amounting to RM15,612,000 (2020: RM12,052,000) and RM43,000 (2020: RM4,387,000) respectively.

13. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances		83,052	52,558	860	210
Bank overdraft	15	-	(405)	-	-
Cash and cash equivalents in the statements of cash flows		83,052	52,153	860	210

14. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 2021 RM'000	Number of shares 2021 '000	Amount 2020 RM'000	Number of shares 2020 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January	203,274	210,634	200,633	209,670
Conversion of irredeemable convertible unsecured loan stocks ("ICULS")	1,532	559	2,641	964
Exercise of Warrants	25,290	6,509	-	-
At 31 December	230,096	217,702	203,274	210,634

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

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14. CAPITAL AND RESERVES cont'd

Treasury shares

The shareholders of the Company, by a special resolution passed in an extraordinary general meeting held on 28 April 2006, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

There was no repurchase of issued share capital in the current financial year. During the financial year ended 31 December 2007, the Company repurchased 2,520,200 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.88 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. On 4 May 2018, the said shares repurchased were split into 5,040,400 shares (after the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares) and were held as treasury shares at cost in accordance with the requirements of Section 127 of the Companies Act 2016.

Irredeemable convertible unsecured loan stocks ("ICULS") with Warrants

	Group and Company		
	Equity	Liability	Total
	component	component	
	RM'000	RM'000	RM'000
At 1 January 2020	155,434	21,353	176,787
Converted into ordinary shares during the year	(2,329)	(312)	(2,641)
Recognised directly in retained earnings	422	-	422
Accrual of interest	-	1,574	1,574
Repayment of interest	-	(6,207)	(6,207)
Deferred tax effect (Note 8):			
- on conversion	(70)	-	(70)
At 31 December 2020/1 January 2021	153,457	16,408	169,865
Converted into ordinary shares during the year	(1,517)	(15)	(1,532)
Recognised directly in retained earnings	373	-	373
Accrual of interest	-	1,142	1,142
Repayment of interest	-	(6,143)	(6,143)
Deferred tax effect (Note 8):			
- on conversion	(3)	-	(3)
At 31 December 2021	152,310	11,392	163,702

The salient features of the ICULS are as follows:

- i) The coupon rate for the ICULS is 3% per annum, payable semi-annually in arrears;
- ii) The conversion price for the ICULS has been fixed at RM2.74 for each new share of the Company and the new shares to be issued rank pari passu with the then existing shares;
- iii) The ICULS holder is entitled to exercise the right of conversion from date of issuance up to the maturity date; and
- iv) Any ICULS not converted by the maturity date will be mandatorily converted into new shares of the Company on the maturity date.

During the financial year, 559,000 (2020: 964,000) new ordinary shares amounting to RM1,532,000 (2020: RM2,641,000) were issued resulting from the conversion of 559,000 (2020: 964,000) units of ICULS at the conversion price of RM2.74.

NOTES TO THE FINANCIAL STATEMENTS

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14. CAPITAL AND RESERVES cont'd

Warrant reserves

	Group and Company			
	Amount	Number	Amount	Number
	2021	warrant	2020	warrant
	RM'000	'000	RM'000	'000
At 1 January	33,921	38,740	33,921	38,740
Exercised into ordinary shares during the year	(5,699)	(6,509)	-	-
At 31 December	28,222	32,231	33,921	38,740

Warrant reserves represent reserves allocated to free detachable warrants issued with ICULS.

Salient features of the Warrants are as follows:

- i) The exercise price of the Warrants is fixed at RM3.01 for each new share, subject to further adjustment in accordance with the provisions of the Deed Poll. The new shares to be issued rank pari passu with the then existing shares;
- ii) The Warrant holder is entitled to exercise the right to subscribe new share from the date of issuance up to market day falling immediately before the fifth anniversary of the date of the issuance of the Warrants.

During the financial year, 6,509,000 (2020: nil) new ordinary shares amounting to RM19,591,000 (2020: nil) were issued resulting from the exercise of 6,509,000 (2020: nil) units of Warrants at the exercise price of RM3.01.

15. LOANS AND BORROWINGS

	Note	Group	
		2021	2020
		RM'000	RM'000
Non-current			
Bank loans - secured:			
- Fixed rate	15.1	1,353	-
- Floating rate	15.1	219,421	261,636
		220,774	261,636
Current			
Bank loans - secured:			
- Fixed rate	15.1	133	160
- Floating rate	15.1	61,977	36,366
Revolving credits - secured	15.2	17,500	-
Bankers' acceptances, trust receipts and revolving credits - unsecured	15.3	198,630	131,119
Bank overdrafts - unsecured	15.4	-	405
		278,240	168,050
		499,014	429,686

NOTES TO THE FINANCIAL STATEMENTS

cont'd

15. LOANS AND BORROWINGS cont'd

15.1 Bank loans - secured

Fixed rate bank loan is subject to a fixed interest rate of 3.74% (2020: 7.25%) per annum.

Floating rate term loans are subject to floating interest rates ranging from 0.25% to 1.50% (2020: 0.25% to 1.50%) per annum above the bank's base lending rate or cost of fund.

All the bank loans are secured over the Group's freehold land, leasehold land and buildings (see Note 3 and 5) and are guaranteed by the Company.

15.2 Revolving credits – secured

The revolving credits of the Group are subject to fixed interest rates ranging from 3.03% to 3.29% (2020: Nil) per annum. The revolving credits are secured over the Group's leasehold land and buildings (see Note 3) and are guaranteed by the Company.

15.3 Bankers' acceptances, trust receipts and revolving credits

The bankers' acceptances, trust receipts and revolving credits of the Group are subject to fixed interest rates ranging from 1.90% to 4.24% (2020: 2.06% to 5.70%) per annum and are guaranteed by the Company.

15.4 Bank overdrafts – unsecured

The bank overdrafts of the Group were subject to floating interest rates of nil (2020: 1.0%) per annum above the bank's base lending rate or Hong Kong Interbank Offered Rate ("HIBOR") and are guaranteed by the Company.

16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade payables		127,845	73,692	-	-
Amounts due to affiliated companies	16.1	8,258	9,385	-	-
		<u>136,103</u>	<u>83,077</u>	-	-
Non-trade					
Amounts due to affiliated companies	16.1	742	358	400	244
Amounts due to subsidiaries	16.1	-	-	33,666	34,777
Advances		1,014	1,108	-	-
Other payables and accrued expenses	16.2	21,985	55,387	182	335
		<u>23,741</u>	<u>56,853</u>	<u>34,248</u>	<u>35,356</u>
		<u>159,844</u>	<u>139,930</u>	<u>34,248</u>	<u>35,356</u>

16.1 Amounts due to related parties

The trade amounts due to affiliated companies are subject to normal trade terms.

The non-trade amounts due to affiliated companies and subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

16. TRADE AND OTHER PAYABLES cont'd

16.2 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are accruals for project costs and utilities amounting to RM349,000 (2020: RM180,000) and RM nil (2020: RM22,005,000) respectively.

17. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	913,195	604,811	-	-
Other revenue				
Management fees	-	-	1,320	1,520
Dividend income	-	-	3,000	5,000
	913,195	604,811	4,320	6,520

17.1 Disaggregation of revenue

Group	Manufacturing and trading		Construction and fabrication		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Primary geographical markets						
Malaysia	72,508	72,252	47,807	108,523	120,315	180,775
Other Asian countries	292,295	58,093	208,481	125,840	500,776	183,933
Other countries	292,104	240,103	-	-	292,104	240,103
	656,907	370,448	256,288	234,363	913,195	604,811
Major products and services lines						
Aluminium related products and others	42,003	35,471	30,235	46,955	72,238	82,426
Metallic Silicon	614,904	334,977	-	-	614,904	334,977
Construction contracts	-	-	226,053	187,408	226,053	187,408
	656,907	370,448	256,288	234,363	913,195	604,811
Timing and recognition						
At a point in time	656,907	370,448	30,235	46,955	687,142	417,403
Overtime	-	-	226,053	187,408	226,053	187,408
	656,907	370,448	256,288	234,363	913,195	604,811
Revenue from contracts with customers	656,907	370,448	256,288	234,363	913,195	604,811

NOTES TO THE FINANCIAL STATEMENTS

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17. REVENUE cont'd

17.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Warranty
Metallic silicon, aluminium related products and others	Revenue is recognised when the goods are delivered and accepted by the customers at their premises or shipped on board evidenced by bill of lading.	Credit period of 30 to 120 days from invoice date.	Not applicable.
Construction contracts	Revenue is recognised overtime as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed.	Credit period of 30 to 120 days from invoice date, or defect liability period of 12 to 18 months.	Assurance warranties of 2 years are given to customers.

The revenue from contracts with customers of the Group is not subject to variable element in the considerations, obligation for returns or refunds.

17.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2022	2021
	RM'000	RM'000
Construction contracts	468,753	466,927

The above revenue does not include variable consideration.

The Group applies the following practical expedients:

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

17.4 Significant judgements and assumptions arising from revenue recognition

The Group applied judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers. For construction contracts, the Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

NOTES TO THE FINANCIAL STATEMENTS

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18. COST OF SALES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sale of goods	452,322	364,895	-	-
Construction contracts	191,730	152,293	-	-
	644,052	517,188	-	-

19. FINANCE INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income of financial assets that are at amortised cost	301	236	6,121	6,169

20. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	18,693	20,209	1,142	1,573
Interest expense on lease liabilities	613	527	-	-
Other finance costs	1,138	440	1	1
	20,444	21,176	1,143	1,574
Recognised in profit or loss	20,239	11,366	1,143	1,574
Capitalised as qualifying asset:				
- property, plant and equipment (Note 3)	205	9,810	-	-
	20,444	21,176	1,143	1,574

NOTES TO THE FINANCIAL STATEMENTS

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21. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense	40,818	1,933	902	691
Total income tax expense	40,818	1,933	902	691
Current tax expense				
- current year	4,641	3,637	-	-
- prior year	(69)	(232)	-	-
Total current tax recognised in profit or loss	4,572	3,405	-	-
Deferred tax expense				
Origination of temporary differences	42,329	2,075	959	691
Over provision in prior year	(6,083)	(3,547)	(57)	-
Total deferred tax recognised in profit or loss	36,246	(1,472)	902	691
Total income tax expense	40,818	1,933	902	691
Reconciliation of tax expense				
Profit before tax	193,593	24,644	6,464	8,214
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	46,462	5,915	1,551	1,971
Effect of tax rates in foreign jurisdictions	(308)	(350)		-
Non-deductible expenses	2,382	1,891	1,597	1,400
Non-taxable income	(1,566)	(1,744)	-	-
Tax-exempt income	-	-	(2,189)	(2,680)
Over provision in prior year	(6,152)	(3,779)	(57)	-
	40,818	1,933	902	691

NOTES TO THE FINANCIAL STATEMENTS

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22. PROFIT FOR THE YEAR

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year is arrived at after charging/ (crediting):				
Auditors' remuneration:				
- Audit fees				
KPMG PLT Malaysia	296	269	80	75
Other auditors	95	84	-	-
- Non-audit fees				
KPMG PLT Malaysia	25	25	25	25
Affiliate of KPMG PLT Malaysia	41	41	41	41
Affiliates of other auditors	4	4	-	-
Material expenses/(income)				
Depreciation of investment properties	100	100	-	-
Depreciation of property, plant and equipment	34,712	29,311	-	1
Finance costs	20,239	11,366	1,143	1,574
Inventories written off	5,569	-	-	-
Net realised foreign exchange gain	(2,245)	(2,013)	-	-
Net unrealised foreign exchange gain	(831)	(569)	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	3,244	2,369	186	172
- Wages, salaries and others	63,884	48,824	1,837	1,942
Finance income	(301)	(236)	(6,121)	(6,169)
Gain on disposal of property, plant and equipment	(26)	(38)	-	-
Management fees from subsidiaries	-	-	(1,320)	(1,520)
Expenses/(income) arising from leases				
Expenses relating to short-term leases (Note a)	3,121	1,026	-	-
Rental income from motor vehicles	(34)	(36)	-	-
Net loss on impairment of financial instruments and contract assets				
Net impairment loss on financial assets	93	122	-	-

Note a

The Group leases office premises, apartments, warehouses and factory facilities with contract terms of less than one year. These leases are short term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

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23. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	2020
Profit attributable to owners of the Company (RM'000)	152,775	22,711
Weighted average number of ordinary shares at 31 December ('000)	208,462	205,347
Basic earnings per ordinary share (sen)	73.29	11.06

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares that would have been in issue after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2021	2020
Profit attributable to ordinary shareholders (RM'000)	152,775	22,711
Weighted average number of ordinary shares at 31 December (basic) ('000)	208,462	205,347
Potential dilution arising from outstanding ICULS ('000)	74,260	74,819
Potential dilution arising from free Warrants ('000)	24,331	13,280
Weighted average number of ordinary shares at 31 December (diluted) ('000)	307,053	293,446
Diluted earnings per ordinary share (sen)	49.76	7.74

24. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2021			
First interim 2020 ordinary	1.00	2,058	13 April 2021
2020			
Special 2019 ordinary	1.50	3,071	16 April 2020

Subsequent to the financial year end, the Directors declared a first interim ordinary dividend of 5 sen per ordinary share totalling RM11,690,030 in respect of the financial year ended 31 December 2021, which was paid on 05 April 2022. The Directors do not recommend any final dividend to be paid for the financial year under review.

NOTES TO THE FINANCIAL STATEMENTS

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25. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- * *Manufacturing and trading.* Includes manufacturing and marketing of metallic silicon, aluminium products and other related products.
- * *Construction and fabrication.* Includes contracting, designing and fabrication of aluminium and stainless steel products.
- * *Investment holding and others.* Included investment holding and dormant companies.

There are varying levels of integration between the Manufacturing and Trading, and the Construction and Fabrication reportable segments. This integration includes transfers of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on a negotiated basis.

Performance is measured based on segment profit before tax and interest as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

NOTES TO THE FINANCIAL STATEMENTS

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25. OPERATING SEGMENTS cont'd

	Manufacturing and trading		Construction and fabrication		Investment holding and others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	206,189	28,477	8,799	8,899	1,465	3,398	216,531	40,774
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	656,907	370,448	256,288	234,363	-	-	913,195	604,811
Inter-segment revenue	21,450	31,728	17,386	38,711	4,320	6,520	43,156	76,959
Depreciation	28,220	19,525	6,593	9,886	-	-	34,813	29,411
Segment assets	1,217,628	1,021,533	283,352	236,621	473,733	464,120	1,974,713	1,722,274
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	43,924	92,696	6,023	4,657	-	3,000	49,947	100,353

Reconciliations of reportable profit or loss, assets and other material items

	2021	2020
	RM'000	RM'000
Profit or loss		
Total profit for reportable segments	216,531	40,774
Elimination of inter-segment profits	(3,000)	(5,000)
Finance income	301	236
Finance costs	(20,239)	(11,366)
Tax expense	(40,818)	(1,933)
Consolidated profit	152,775	22,711
Total assets		
Total assets for reportable segments	1,974,713	1,722,274
Elimination of inter-segment balances	(517,296)	(558,337)
Consolidated total	1,457,417	1,163,937
Additions to non-current assets		
Total additions to non-current assets for reportable segments	49,947	100,353
Elimination of inter-segment balances	-	(3,000)
Consolidated total	49,947	97,353

NOTES TO THE FINANCIAL STATEMENTS

cont'd

25. OPERATING SEGMENTS cont'd

Geographical segments

The Manufacturing and Trading, and the Construction and Fabrication segments are managed mainly in two principal geographical areas, Malaysia (country of domicile) and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue 2021 RM'000	Non-current assets 2021 RM'000	Revenue 2020 RM'000	Non-current assets 2020 RM'000
Geographical information				
Malaysia	120,315	827,074	180,775	783,350
Other Asian countries	500,776	2,149	183,933	2,889
Other countries	292,104	-	240,103	-
	913,195	829,223	604,811	786,239

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue 2021 RM'000	Revenue 2020 RM'000	Segment
Customer A	-	62,185	Manufacturing and trading
Customer B	-	89,090	Manufacturing and trading

26. CAPITAL COMMITMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capital expenditure commitments				
Plant and equipment				
contracted but not provided for	31,982	1,314	-	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2021 categorised as follows:

- (a) Amortised cost ("AC")
- (b) Derivatives designated as hedging instruments

	Carrying amount RM'000	AC RM'000	Derivatives used for hedging RM'000
2021			
Group			
Financial assets			
Trade and other receivables *	176,849	176,849	-
Derivative financial assets	5,776	-	5,776
Cash and cash equivalents	83,052	83,052	-
	<u>265,677</u>	<u>259,901</u>	<u>5,776</u>
Financial liabilities			
Loans and borrowings	(499,014)	(499,014)	-
Trade and other payables #	(158,830)	(158,830)	-
	<u>(657,844)</u>	<u>(657,844)</u>	<u>-</u>
Company			
Financial assets			
Trade and other receivables **	214,982	214,982	-
Cash and cash equivalents	860	860	-
	<u>215,842</u>	<u>215,842</u>	<u>-</u>
Financial liabilities			
Trade and other payables	(34,248)	(34,248)	-

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL INSTRUMENTS cont'd

27.1 Categories of financial instruments cont'd

	Carrying amount RM'000	AC RM'000	Derivatives used for hedging RM'000
2020			
Group			
Financial assets			
Trade and other receivables *	156,363	156,363	-
Derivative financial assets	10,663	-	10,663
Cash and cash equivalents	52,558	52,558	-
	<u>219,584</u>	<u>208,921</u>	<u>10,663</u>
Financial liabilities			
Loans and borrowings	(429,686)	(429,686)	-
Trade and other payables #	(138,822)	(138,822)	-
	<u>(568,508)</u>	<u>(568,508)</u>	<u>-</u>
Company			
Financial assets			
Trade and other receivables **	197,802	197,802	-
Cash and cash equivalents	210	210	-
	<u>198,012</u>	<u>198,012</u>	<u>-</u>
Financial liabilities			
Trade and other payables	(35,356)	(35,356)	-

* Excluding prepayment of RM33,955,000 (2020: RM23,189,000)

** Excluding prepayment of RM11,000 (2020: nil)

Excluding advances of RM1,014,000 (2020: RM1,108,000)

27.2 Net gain and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net (gain) and losses on:				
Financial assets at amortised cost	(4,979)	(2,758)	(6,121)	(6,169)
Financial liabilities at amortised cost	21,227	11,306	1,143	1,574
Net loss on impairment of financial instruments:				
Financial assets at amortised cost	93	122	-	-
	<u>16,341</u>	<u>8,670</u>	<u>4,978</u>	<u>(4,595)</u>

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, financial guarantees given to contract customers and amounts due from affiliated companies and associate. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

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

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

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Trade receivables and contract assets cont'd

Concentration of credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group	
	2021 RM'000	2020 RM'000
Domestic	28,759	15,815
Asia	153,588	111,334
Others	29,197	40,837
	211,544	167,986

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 120 days. The Group's debt recovery process is as follows:

- Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Trade receivables and contract assets cont'd

Recognition and measurement of impairment losses cont'd

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2021 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Current (not past due)	207,124	-	207,124
1 - 30 days past due	2,269	-	2,269
31 - 60 days past due	67	-	67
61 - 90 days past due	114	-	114
	209,574	-	209,574
Credit impaired			
More than 90 days past due	2,370	(400)	1,970
	211,944	(400)	211,544
Trade receivables	138,490	(400)	138,090
Contract assets	73,454	-	73,454
	211,944	(400)	211,544
2020			
Current (not past due)	156,963	-	156,963
1 - 30 days past due	8,137	-	8,137
31 - 60 days past due	267	-	267
61 - 90 days past due	692	-	692
	166,059	-	166,059
Credit impaired			
More than 90 days past due	2,327	(400)	1,927
	168,386	(400)	167,986
Trade receivables	137,566	(400)	137,166
Contract assets	30,820	-	30,820
	168,386	(400)	167,986

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Trade receivables and contract assets cont'd

Recognition and measurement of impairment losses cont'd

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

Group	Trade receivables			Total RM'000
	Lifetime ECL RM'000	Credit impaired RM'000	Contract assets RM'000	
Balance at 1 January 2020	(400)	-	-	(400)
Amount written off	-	-	-	-
Balance at 31 December 2020/ 1 January 2021	(400)	-	-	(400)
Amount written off	-	-	-	-
Balance at 31 December 2021	(400)	-	-	(400)

Cash and cash equivalents

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

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement. The Group monitors the ability of the non-trade debtors to repay the debts on an individual basis.

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to contract customers in respect of construction contracts granted to the Group while the Company provides unsecured financial guarantees to financial institutions for facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and of the Company amounts to RM89,572,000 (2020: RM85,432,000) and RM605,147,000 (2020: RM521,774,000) respectively, representing the outstanding financial guarantees as at the end of the reporting period.

As at the end of the reporting period, there was no indication any contract customer or any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Related party balances

Risk management objectives, policies and processes for managing the risk

The Group provides credit terms to affiliated companies. The Company provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

Generally, the Group and the Company consider related party balances have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when related parties' financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related party balances when they are payable, the Group and the Company consider these balances to be in default when the related parties are not able to pay when demanded. The Group and the Company consider related party balances to be credit impaired when:

- The related parties are unlikely to repay their amounts due to the Group and the Company in full; or
- The related parties are continuously loss making and are having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these related party balances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.4 Credit risk cont'd

Related party balances cont'd

Recognition and measurement of impairment loss cont'd

The following table provides information about the exposure to credit risk and ECLs for related party balances.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	10,039	-	10,039
Credit impaired	215	(215)	-
	10,254	(215)	10,039
2020			
Low credit risk	9,969	-	9,969
Credit impaired	122	(122)	-
	10,091	(122)	9,969

The movement in the allowance for impairment in respect of related party balances during the year is shown below:

Group	Credit impaired RM'000
Balance at 1 January 2021	-
Net remeasurement of loss allowance	122
Balance at 31 December 2020/1 January 2021	122
Net remeasurement of loss allowance	93
Balance at 31 December 2021	215

27.5 Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.5 Liquidity risk cont'd

Maturity analysis

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

2021	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	158,830	-	158,830	158,830	-	-	-
Bank loans	282,884	*	309,561	72,221	68,546	163,977	4,817
Bankers' acceptances, trust receipts, and revolving credits	216,130	1.90%-4.24%	216,130	216,130	-	-	-
Lease liabilities	17,291	2.30%-6.20%	19,116	6,913	4,913	7,290	-
Financial guarantees	-	-	89,572	89,572	-	-	-
ICULS liabilities	11,392	3.00%	12,208	6,104	6,104	-	-
	<u>686,527</u>		<u>805,417</u>	<u>549,770</u>	<u>79,563</u>	<u>171,267</u>	<u>4,817</u>
<i>Derivative financial liability/(asset)</i>							
Forward exchange contracts (gross settled):							
Outflow	-		273,606	80,563	81,518	111,525	-
Inflow	(5,776)	-	(279,791)	(82,782)	(83,752)	(113,257)	-
	<u>680,751</u>	-	<u>799,232</u>	<u>547,551</u>	<u>77,329</u>	<u>169,535</u>	<u>4,817</u>

* Fixed rate bank loan is subject to a fixed interest rate of 3.74% per annum. Floating rate term loans are subject to floating interest rates ranging from 0.25% to 1.50% per annum above the bank's base lending rate or cost of fund.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.5 Liquidity risk cont'd

Maturity analysis cont'd

2020	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	138,822	-	138,822	138,822	-	-	-
Bank loans	298,162	*	332,247	47,972	73,773	178,561	31,941
Bankers' acceptances, trust receipts, and revolving credits	131,119	2.06% - 5.70%	131,119	131,119	-	-	-
Bank overdrafts	405	3.04%	405	405	-	-	-
Lease liabilities	9,524	2.30% - 6.20%	10,327	5,326	2,856	2,145	-
Financial guarantees	-	-	85,432	85,432	-	-	-
ICULS liabilities	16,408	3.00%	18,344	6,150	6,150	6,044	-
	<u>594,440</u>		<u>716,696</u>	<u>415,226</u>	<u>82,779</u>	<u>186,750</u>	<u>31,941</u>
<i>Derivative financial liability/(asset)</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	237,025	80,434	56,568	100,023	-
Inflow	(10,663)	-	(248,700)	(83,636)	(59,774)	(105,290)	-
	<u>583,777</u>		<u>705,021</u>	<u>412,024</u>	<u>79,573</u>	<u>181,483</u>	<u>31,941</u>

* Fixed rate bank loan is subject to a fixed interest rate of 7.25% per annum. Floating rate term loans are subject to floating interest rates ranging from 0.25% to 1.50% per annum above the bank's base lending rate or cost of fund.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.5 Liquidity risk cont'd

Maturity analysis cont'd

Company	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2021							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	34,248	-	34,248	34,248	-	-	-
Financial guarantees	-	-	605,147	605,147	-	-	-
ICULS liabilities	11,392	3.00%	12,208	6,104	6,104	-	-
	<u>45,640</u>		<u>651,603</u>	<u>645,499</u>	<u>6,104</u>	<u>-</u>	<u>-</u>
2020							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	35,356	-	35,356	35,356	-	-	-
Financial guarantees	-	-	521,774	521,774	-	-	-
ICULS liabilities	16,408	3.00%	15,350	6,150	9,200	-	-
	<u>51,764</u>		<u>572,480</u>	<u>563,280</u>	<u>9,200</u>	<u>-</u>	<u>-</u>

27.6 Market risk

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

27.6.1 Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Australian Dollar ("AUD"), Chinese Yuan ("CNY"), Singapore Dollar ("SGD") and Euro Dollar ("EUR").

Risk management objectives, policies and processes for managing the risk

The Group actively monitors its exposure to foreign currency risk. The Group does not hedge this risk but keeps the policy under review.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.6 Market risk cont'd

27.6.1 Foreign currency risk cont'd

Exposure to foreign currency risk

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

2021	Denominated in				
	USD RM'000	AUD RM'000	CNY RM'000	SGD RM'000	EUR RM'000
Balances recognised in the statement of financial position					
Trade and other receivables	53,684	2,379	10,459	214	2,171
Trade and other payables	(61,333)	-	(1,456)	-	(1,169)
Cash and cash equivalents	18,022	1	3	10	72
	10,373	2,380	9,006	224	1,074
Forecast transactions					
Forecast sales	279,791	-	-	-	-
Forward exchange contract on forecast sales	(273,606)	-	-	-	-
Net exposure	16,558	2,380	9,006	224	1,074
2020					
Balances recognised in the statement of financial position					
Trade and other receivables	31,586	1,366	-	145	22,001
Trade and other payables	(38,668)	-	(1,340)	-	-
Cash and cash equivalents	5,396	1	2	10	39
	(1,686)	1,367	(1,338)	155	22,040
Forecast transactions					
Forecast sales	228,734	-	-	-	19,966
Forward exchange contract on forecast sales	(217,086)	-	-	-	(19,939)
Net exposure	9,962	1,367	(1,338)	155	22,067

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.6 Market risk cont'd

27.6.1 Foreign currency risk cont'd

Currency risk sensitivity analysis

A 10% (2020: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2021	2020
	RM'000	RM'000
USD	(1,258)	(757)
AUD	(181)	(104)
CNY	(684)	102
SGD	(17)	(12)
EUR	(82)	(1,677)

A 10% (2020: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its debt obligations but keeps the policy under review.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.6 Market risk cont'd

27.6.2 Interest rate risk cont'd

Exposure to interest rate risk

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

	Group	
	2021 RM'000	2020 RM'000
Fixed rate instruments		
Financial liabilities	(233,421)	(140,803)
Floating rate instruments		
Financial liabilities	(282,884)	(298,407)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Profit or loss	
	30 bp increase 2021 RM'000	30 bp decrease 2021 RM'000	30 bp increase 2020 RM'000	30 bp decrease 2020 RM'000
Group				
Floating rate instruments	(645)	645	(680)	680

27.6.3 Other price risk

Other price risk arises from price fluctuation risk mainly on aluminium related products. The Group mitigates its risk to the price volatility through establishing a fixed price level that the Group considers acceptable.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.7 Hedging activities

27.7.1 Currency risk – Transactions in foreign currency

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and receivables are denominated and the respective functional currencies of the Group. The functional currencies of Group companies are primarily the Malaysian ringgit (“MYR”). The currency in which these transactions are primarily denominated is U.S. Dollars (“USD”).

The group’s risk management policy is to hedge USD1 million of its estimated foreign currency exposure in respect of forecast monthly sales for a period of 60 months. The Group purchases forward foreign exchange contracts to hedge foreign transactions. The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. Most of these contracts have a maturity of one to fifty months from the reporting date. The Group determines that critical terms of the forward exchange contracts to align with the hedged item.

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

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Company’s own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

27.7.2 Cash flow hedge

At 31 December 2021, the Group held the following instruments to hedge exposures to changes in foreign currency.

Group	Maturity		
	Under 1 year RM'000	1 - 2 years RM'000	2 – 5 years RM'000
2021			
Foreign currency risk			
Forward exchange contracts	2,142	2,083	1,551
2020			
Foreign currency risk			
Forward exchange contracts	3,082	2,967	4,614

The amounts at the reporting date relating to items designated as hedged items were as follows:

Group	Cash flow hedge reserve	
	2021 RM'000	2020 RM'000
Foreign currency risk		
Forecasted sales	5,776	10,663

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.7 Hedging activities cont'd

27.7.2 Cash flow hedge cont'd

The amount relating to items designated as hedging instruments and hedge effectiveness are as follows:

Group	Nominal amount RM'000	Carrying amount Assets RM'000	Line item in the statement of financial position where the hedging instrument is included
2021			
Foreign currency risk			
Forward exchange contracts – Sales	279,791	5,776	Derivative financial assets
2020			
Foreign currency risk			
Forward exchange contracts – Sales	248,700	10,663	Derivative financial assets
	Changes in the value of hedging instrument recognised in other comprehensive income RM'000	Amount reclassified from hedge reserve to profit or loss RM'000	Line item in profit or loss affected by the reclassification
2021			
Foreign currency risk			
Forward exchange contracts – Sales	7,611	1,835	Revenue
2020			
Foreign currency risk			
Forward exchange contracts – Sales	11,343	680	Revenue

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.7 Hedging activities cont'd

27.7.2 Cash flow hedge cont'd

The following table provides reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

Group	Hedging reserve	
	2021 RM'000	2020 RM'000
Balance at 1 January		
Cash flow hedge		
Changes in fair value:		
Foreign currency risk – sales	7,611	11,343
Amount reclassified to profit or loss:		
Foreign currency risk – sales	(1,835)	(680)
Tax on movements on reserves during the year (Note 8)	(416)	(768)
Balance at 31 December	5,360	9,895

27.8 Fair value information

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

The table below analyses financial instruments at fair value:

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 2 RM'000	Level 3 RM'000		
2021				
Financial assets				
Forward exchange contracts	5,776	-	5,776	5,776
Financial liabilities				
Bank loans - secured	-	1,506	1,506	1,486
2020				
Financial assets				
Forward exchange contracts	10,663	-	10,663	10,663
Financial liabilities				
Bank loans - secured	-	153	153	160

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS cont'd

27.8 Fair value information cont'd

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique in the determination of fair values within Level 3. The Group Finance Controller has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

28. CAPITAL MANAGEMENT

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

The debt-to-equity ratios at 31 December 2021 and 31 December 2020 were as follows:

		Group	
	Note	2021	2020
		RM'000	RM'000
Total loans and borrowings including ICULS liabilities		510,406	446,094
Lease liabilities		17,291	9,524
Less: Cash and cash equivalents	13	(83,052)	(52,558)
Net debt		444,645	403,060
Total equity		724,864	557,786
Debt-to-equity ratio		0.6	0.7

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. RELATED PARTIES

Identity of related parties

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

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

The Group has related party relationship with its significant investors, subsidiaries, affiliated companies, associate and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 12 and 16.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
A. Affiliated companies				
Sale of goods	(13,178)	(71,780)	-	-
Purchase of goods	19,156	17,262	-	-
Rental income on property	(360)	(360)	-	-
Rental income on motor vehicles	(34)	(36)	-	-
Rental expense on properties	228	194	-	-
Rental expense on motor vehicles	17	17	-	-
B. Subsidiaries				
Dividend income	-	-	(3,000)	(5,000)
Management fee income	-	-	(1,320)	(1,520)
C. Key management personnel				
Directors				
- Fees	132	132	132	132
- Remuneration	1,151	1,036	313	282
- Other short-term employee benefits	356	329	114	106
Total short-term employee benefits	1,639	1,497	559	520
Other key management personnel				
Short-term employee benefits	2,187	1,834	-	-
	3,826	3,331	559	520

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

30. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The Group and the Company have early adopted amendments to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021 and amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022 respectively as follows:-

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

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions arising as a direct consequence of the Covid-19 pandemic.

The Group and the Company have applied the optional practical expedient by electing not to assess whether a Covid-19 related rent concession from a lessor is a lease modification if all of the stipulated conditions are met. Rent concessions were treated as variable lease payments and recognised in profit or loss.

Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly). The Group recognises the proceeds from selling any such items, and the cost of those items, in profit or loss.

The adoption of the abovementioned amendments does not have any material impact to the financial statements of the Group and of the Company.

31. SIGNIFICANT EVENT

Acquisition of a development land

On 5 January 2021, PMB Land (Sg. Besi) Sdn. Bhd., a wholly-owned subsidiary of the Company has completed the acquisition of a piece of freehold land located at Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 7,304 square meter in area, for a total cash purchase consideration of RM30,000,000.

32. SUBSEQUENT EVENTS

Acquisition of a subsidiary

On 15 March 2022, the Company has entered into Share Sale Agreement (“SSA”) with Asia Cement Co., Ltd. for the acquisition of 40,000,000 ordinary shares, representing 100% of the total issued share capital in Asia Advanced Materials Sdn. Bhd. for a total cash consideration of RM17,000,000.

Bonus issue

On 8 April 2022, the Company proposed a bonus issue up to 1,296,774,800 new ordinary shares in the Company on the basis of four (4) Bonus Shares for every one (1) existing share held by entitled shareholders of the Company on 28 April 2022.

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 87 to 162 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 2021 and of their financial performance and cash flows for the financial year then ended.

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

Koon Poh Ming
Director

Koon Poh Weng
Director

Petaling Jaya, Selangor

Date: 29 April 2022

STATUTORY DECLARATION

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

I, Wan Shuw Yee, the officer primarily responsible for the financial management of PMB Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 87 to 162 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed, MIA CA28899 at Kuala Lumpur in the Federal Territory on 29 April 2022.

Wan Shuw Yee

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD

(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PMB Technology Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements of the Group and of the Company, including a summary of significant accounting policies, as set out on pages 87 to 162.

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 2021 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(i) Revenue recognition on construction contracts

Refer to Note 2(q) – *Significant accounting policies: Revenue and other income* and Note 17 – *Revenue to the financial statements*.

The key audit matter

The Group's revenue on construction contracts for the year ended 31 December 2021 is significantly influenced by the results of large construction projects. Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made to assess the total contract costs, stage of completion of the contract and adequate provision to be provided for loss making contract. Changes of these estimates could lead to different profit and revenue being reported in the financial statements.

How the matter was addressed in our audit

Our audit procedures included, among others, reading the key contracts and discussed each with management to obtain a full understanding of the terms and risks of the contracts. We evaluated the controls of the Group over the accuracy and timing of revenue recognised in the financial statements including the estimation of contract cost to complete and calculation of the stage of completion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD

(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)
cont'd

Key Audit Matters cont'd

(i) Revenue recognition on construction contracts cont'd

How the matter was addressed in our audit cont'd

We assessed the appropriateness of assumptions used in determining the budgeted costs of the projects based on historical performance of the Group and industry knowledge and agreed the contract costs to supporting documentation and recalculated the percentage of completion of the contract. We tested the contract revenue through the inspection of contracts, variation orders and claims. We also considered if provision for foreseeable losses is required.

(ii) Recoverability of trade receivables

Refer to *Note 12 - Trade and other receivables* to the financial statements.

The key audit matter

The Group has a significant trade receivables balance as at 31 December 2021 of RM138,090,000. Trade receivables mainly include amounts due from customers within the construction industry. As the construction industry faces a number of challenges including but not limited to instabilities of supplies and prices of construction materials and components, there is a risk over the recoverability of these balances.

How the matter was addressed in our audit

Our audit procedures included, among others, evaluating the controls of the Group over monitoring of debts. We tested the accuracy of trade receivables ageing and the adequacy of the impairment loss on trade receivables by assessing management's risk rating of selected trade receivables and input used in the lifetime expected credit loss made.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 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 annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD

(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)

cont'd

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD

(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)
cont'd

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

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, action taken to eliminate threats or safeguard applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

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

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

Petaling Jaya, Malaysia

Date: 29 April 2022

Ong Beng Seng
Approval Number: 02981/05/2022 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

as at 4 April 2022

Issued Shares	:	239,117,003 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
Less than 100	16	0.63	189	negligible
100 to 1,000	1,156	45.69	631,211	0.27
1,001 to 10,000	936	37.00	3,613,900	1.54
10,001 to 100,000	316	12.49	10,423,500	4.45
100,001 to less than 5% of issued shares	103	4.07	142,563,387	60.91
5% and above of issued shares	3	0.12	76,844,416	32.83
Total	2,530	100.00	234,076,603*	100.00

* Excluding a total of 5,040,400 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 4 April 2022.

DIRECTORS' SHAREHOLDINGS

as at 4 April 2022

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital [#]	No. of Shares Held	% of Issued Capital [#]
Tan Sri Dato' Koon Poh Keong	6,768,000	2.89	42,951,916 ⁽¹⁾	18.35
Koon Poh Ming	16,434,362	7.02	33,312,988 ⁽²⁾	14.23
Dato' Koon Poh Tat	16,652,128	7.11	0	0.00
Koon Poh Weng	7,679,362	3.28	17,728,350 ⁽³⁾	7.57
Ernest Bong Miao Fatt	168,000	0.07	0	0.00
Loo Lean Hock	0	0.00	0	0.00
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00

Excluding a total of 5,040,400 shares bought-back by the Company and retained as treasury shares.

(1) Deemed interested in the shares held by KPK Holdings (L) Ltd., by virtue of 100% ownership in Alpha Milestone Sdn Bhd, which in turn hold shares in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

(2) Deemed interested in the shares held by his spouse, Ong Soo Fan and his children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.

(3) Deemed interested in the shares held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee.

SUBSTANTIAL SHAREHOLDERS

as per Register of Substantial Shareholders as at 4 April 2022

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital#	No. of Shares Held	% of Issued Capital#
Press Metal Aluminium Holdings Berhad	42,951,916	18.35	0	0.00
Alpha Milestone Sdn Bhd	0	0.00	42,951,916 ⁽¹⁾	18.35
KPK Holdings (L) Ltd	0	0.00	42,951,916 ⁽²⁾	18.35
Tan Sri Dato' Koon Poh Keong	6,768,000	2.89	42,951,916 ⁽²⁾	18.35
Koon Poh Ming	16,434,362	7.02	33,312,988 ⁽³⁾	14.23
Dato' Koon Poh Tat	16,652,128	7.11	0	0.00
Koon Poh Weng	7,679,362	3.28	17,728,350 ⁽⁴⁾	7.57
Ong Soo Fan	14,082,488	6.02	35,664,862 ⁽⁵⁾	15.24
Puan Sri Datin Khoo Ee Pheng	0	0.00	49,719,916 ⁽⁶⁾	21.24
Chan Poh Choo	9,456,100	4.04	15,951,612 ⁽⁷⁾	6.81

Excluding a total of 5,040,400 shares bought-back by the Company and retained as treasury shares.

- (1) Deemed interested in the shares held via Press Metal Aluminium Holdings Berhad in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
- (2) Deemed interested in the shares held by KPK Holdings (L) Ltd., by virtue of 100% ownership in Alpha Milestone Sdn Bhd, which in turn hold shares in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
- (3) Deemed interested in the shares held by his spouse, Ong Soo Fan and his children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.
- (4) Deemed interested in the shares held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee.
- (5) Deemed interested in the shares held by her spouse, Koon Poh Ming and her children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.
- (6) Deemed interested in the shares held by KPK Holdings (L) Ltd., by virtue of 100% ownership in Alpha Milestone Sdn Bhd, which in turn hold shares in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by her spouse, Tan Sri Dato' Koon Poh Keong.
- (7) Deemed interested in the shares held by her spouse, Koon Poh Weng and her daughter, Koon Sim Ee.

THIRTY LARGEST SHAREHOLDERS

as at 4 April 2022

	Name of Shareholders	No. of Shares	% of Issued Capital [#]
1	Press Metal Aluminium Holdings Berhad	42,951,916	18.35
2	Kenanga Nominees (Tempatan) Sdn Bhd <i>Exempt an for Phillip Securities Pte Ltd (Client Account)</i>	21,800,000	9.31
3	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i>	12,092,500	5.17
4	Ong Shaw Huat	10,592,202	4.53
5	Ong Sow Yong	10,534,695	4.50
6	Ong Sow Mei	10,162,500	4.34
7	Huan Boon Peng	10,112,900	4.32
8	Chan Poh Choo	9,456,100	4.04
9	Koon Sim Ee	8,272,250	3.53
10	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Koon Poh Weng (PB)</i>	7,359,362	3.14
11	Tan Sri Dato' Koon Poh Keong	6,540,500	2.80
12	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Dato' Koon Poh Tat (Smart)</i>	4,040,500	1.73
13	John Koon Tzer Lim	3,846,100	1.64
14	Joyce Koon Hui Ginn	3,846,100	1.64
15	Koon Hui Ling (Carolyn)	3,846,100	1.64
16	Leslie Koon Tzer Peng	3,846,100	1.64
17	Lydia Koon Hui Li	3,846,100	1.64
18	Koon Poh Ming	3,434,362	1.47
19	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Koon Poh Kong (PB)</i>	3,318,862	1.42
20	Tan Mew Lan	3,158,862	1.35
21	Ong Soo Fan	2,782,488	1.19
22	Ong Soo Fan	2,500,000	1.07
23	Lim Peng Theng	2,436,400	1.04
24	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Chua Seng Sam</i>	2,206,000	0.94
25	Chua Seng Sam	1,337,000	0.57
26	Kenneth Ang Wee Keong	1,249,000	0.53
27	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	1,200,000	0.51
28	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	1,109,000	0.48
29	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Leong Yew Cheong</i>	1,097,000	0.47
30	Khoo Tiong Keat	995,000	0.43
	Total	199,969,899	85.43

[#] Excluding a total of 5,040,400 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 4 April 2022

ANALYSIS OF ICULS HOLDINGS

as at 4 April 2022

No. of ICULS outstanding	:	67,854,250
Issue date	:	13/07/2018
Maturity date	:	12/07/2023
Exercise Price per ICULS	:	RM2.74

Size of ICULS Holdings	No. of ICULS Holders/ Depositors	% of ICULS Holders/ Depositors	No. of ICULS Held	% of Issued ICULS
Less than 100	6	2.57	100	negligible
100 to 1,000	46	19.74	33,000	0.04
1,001 to 10,000	97	41.63	481,500	0.71
10,001 to 100,000	54	23.18	1,581,700	2.33
100,001 to less than 5% of issued ICULS	24	10.30	23,413,138	34.51
5% and above of issued ICULS	6	2.58	42,344,812	62.41
Total	233	100.00	67,854,250	100.00

DIRECTORS' ICULS HOLDINGS

as at 4 April 2022

as per Register of Directors' ICULS Holdings

Name	Direct		Indirect	
	No. of ICULS Held	% of Issued ICULS	No. of ICULS Held	% of Issued ICULS
Tan Sri Dato' Koon Poh Keong	1,091,000	1.61	21,475,958 ⁽¹⁾	31.65
Koon Poh Ming	1,689,436	2.49	15,001,515 ⁽²⁾	22.11
Dato' Koon Poh Tat	159,544	0.24	0	0.00
Koon Poh Weng	1,669,436	2.46	5,786,000 ⁽³⁾	8.53
Ernest Bong Miao Fatt	0	0.00	0	0.00
Loo Lean Hock	0	0.00	0	0.00
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00

(1) Deemed interested in the ICULS held by KPK Holdings (L) Ltd., by virtue of 100% ownership in Alpha Milestone Sdn Bhd, which in turn hold shares in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

(2) Deemed interested in the ICULS held by his spouse, Ong Soo Fan and his children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.

(3) Deemed interested in the ICULS held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee.

THIRTY LARGEST ICULS HOLDERS

as at 4 April 2022

	Name of ICULS Holders	No. of ICULS	% of Issued ICULS
1	Press Metal Aluminium Holdings Berhad	21,475,958	31.65
2	Ong Soo Fan	5,540,515	8.17
3	Ong Sow Yong	4,051,488	5.97
4	Ong Sow Mei	3,954,400	5.83
5	Chan Poh Choo	3,699,500	5.45
6	Ong Shaw Huat	3,622,951	5.34
7	Koon Sim Ee	2,086,500	3.08
8	John Koon Tzer Lim	1,692,200	2.49
9	Joyce Koon Hui Ginn	1,692,200	2.49
10	Koon Hui Ling (Carolyn)	1,692,200	2.49
11	Leslie Koon Tzer Peng	1,692,200	2.49
12	Lydia Koon Hui Li	1,692,200	2.49
13	Koon Poh Ming	1,689,436	2.49
14	Tan Mew Lan	1,679,436	2.48
15	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Koon Poh Kong (PB)</i>	1,659,436	2.45
16	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Koon Poh Weng (PB)</i>	1,659,436	2.45
17	Tan Sri Dato' Koon Poh Keong	1,000,000	1.47
18	Ong Soo Fan	1,000,000	1.47
19	Lim Boon Kuan	858,150	1.26
20	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	816,000	1.20
21	Lim Peng Theng	375,000	0.55
22	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	350,000	0.52
23	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	285,000	0.42
24	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chia Ai Ling</i>	284,300	0.42
25	United Panels Sdn Bhd	262,800	0.39
26	Low Hing Noi	224,000	0.33
27	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chey Kang Howe (8074762)</i>	216,300	0.32
28	Ong Sow Mei	187,800	0.28
29	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Dato' Koon Poh Tat (PB)</i>	159,544	0.24
30	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Keng Chin Eng (REM 132 - Margin)</i>	159,000	0.23
	Total	65,757,950	96.91

ANALYSIS OF WARRANTS HOLDINGS

as at 4 April 2022

No. of Warrants outstanding	:	17,222,447
Issue date	:	13/07/2018
Expiry date	:	12/07/2023
Exercise Price per Warrants	:	RM3.01

Size of Warrants Holdings	No. of Warrants Holders/ Depositors	% of Warrants Holders/ Depositors	No. of Warrants Held	% of Issued Warrants
Less than 100	31	8.54	1,299	0.01
100 to 1,000	128	35.26	67,350	0.39
1,001 to 10,000	145	39.95	620,725	3.60
10,001 to 100,000	50	13.77	1,634,722	9.49
100,001 to less than 5% of issued Warrants	8	2.20	4,160,372	24.16
5% and above of issued Warrants	1	0.28	10,737,979	62.35
Total	363	100.00	17,222,447	100.00

DIRECTORS' WARRANTS HOLDINGS

as at 4 April 2022

as per Register of Directors' Warrants Holdings

Name	Direct		Indirect	
	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Tan Sri Dato' Koon Poh Keong	0	0.00	10,737,979 ⁽¹⁾	62.35
Koon Poh Ming	829,718	4.82	0	0.00
Dato' Koon Poh Tat	79,772	0.46	0	0.00
Koon Poh Weng	834,718	4.85	0	0.00
Ernest Bong Miao Fatt	0	0.00	0	0.00
Loo Lean Hock	0	0.00	0	0.00
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00

(1) Deemed interested in the Warrants held by KPK Holdings (L) Ltd., by virtue of 100% ownership in Alpha Milestone Sdn Bhd, which in turn hold shares in Press Metal Aluminium Holdings Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

THIRTY LARGEST WARRANTS HOLDERS

as at 4 April 2022

	Name of Warrants Holders	No. of Warrants	% of Issued Warrants
1	Press Metal Aluminium Holdings Berhad	10,737,979	62.35
2	Tan Mew Lan	839,718	4.88
3	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Koon Poh Kong (PB)</i>	829,718	4.82
4	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Koon Poh Weng (PB)</i>	829,718	4.82
5	Koon Poh Ming	829,718	4.82
6	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Hung Thiam (7000997)</i>	288,000	1.67
7	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	250,000	1.45
8	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiang Soak Hoong (7001002)</i>	168,500	0.98
9	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Wee Fatt (7001112)</i>	125,000	0.72
10	Low Hing Noi	90,000	0.52
11	Ong Meng Khoon	85,700	0.50
12	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Keng Chin Eng (REM 132 - Margin)</i>	82,000	0.48
13	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Dato' Koon Poh Tat (PB)</i>	79,772	0.46
14	Lim Tow Jia	65,400	0.38
15	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Jean Ng Chien Nee (CCTS)</i>	60,900	0.35
16	Lim Chuan Aik	59,000	0.34
17	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Eng Shan</i>	51,100	0.30
18	Leong Kok Peng	51,000	0.30
19	Leong Kok Peng	50,000	0.29
20	Ong Beng Kee	50,000	0.29
21	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yeoh Poh Choo</i>	47,000	0.27
22	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Law Goo @ Law Yeow Ching</i>	45,000	0.26
23	Hooi Yeat Ney	44,650	0.26
24	Cheah Eng Hock	40,000	0.23
25	Boon Sim Fah	36,800	0.21
26	Martin Shim Thau Kong	35,000	0.20
27	Lai Yin Thai	32,500	0.19
28	Lee Chun Kiat	32,500	0.19
29	Cheah Eng Chee	32,000	0.19
30	See Eng Swee	31,400	0.18
	Total	16,000,073	92.90

LIST OF PROPERTIES HELD BY THE GROUP

as at 31 December 2021

Proprietor	Location	Description/ Age (Year) / Acquisition Date	Existing Use	Tenure	Area sq. ft.	Net Book Value as at 31.12.2021 RM'000
PMB Silicon Sdn Bhd	Lot 322, Block 1 Kemena Land District Sarawak	Leasehold land and building 3 years 27/11/2018	Factory	Leasehold for 57 years expiring 26/11/2078	6,845,847	337,756
PMB Silicon Sdn Bhd	Parcel No. 05-03A (Type A) Parent Lot 76, 77 and 8452 of Block 31 Kemena Land District Sarawak	Condominium 7 years 03/12/2019	Tenanted	Leasehold for 53 years expiring 11/05/2074	2,026	874
PMB Silicon Sdn Bhd	Parcel No. 04-03A (Type A) Parent Lot 76, 77 and 8452 of Block 31 Kemena Land District Sarawak	Condominium 7 years 03/12/2019	Tenanted	Leasehold for 53 years expiring 11/05/2074	2,026	854
PMB Carbon Sdn Bhd	Lot 6, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 13 years 26/09/2008	Vacant	Leasehold for 78 years expiring 30/03/2097	609,838	6,484
PMB Carbon Sdn Bhd	Lot 7, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 13 years 26/09/2008	Vacant	Leasehold for 78 years expiring 30/03/2097	1,219,680	13,470
PMB Carbon Sdn Bhd	Lot 8, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 13 years 18/01/2012	Vacant	Leasehold for 78 years expiring 30/03/2097	1,503,348	15,782
PMB Facade Technology Sdn Bhd	Lot 1804, Mukim of Cheras Daerah Hulu Langat Selangor Darul Ehsan	Freehold land and building 16 years 16/12/2005	Factory cum office	Freehold	89,821	4,760
Everlast Aluminium (M) Sdn Bhd	Lot 1797, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Freehold land and building 27 years 12/07/1994	Factory cum office	Freehold	83,036	5,568
Everlast Aluminium (M) Sdn Bhd	Lot 1798, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 25 years 29/03/1996	Factory cum office	Leasehold for 44 years expiring 02/09/2065	77,591	3,591
Everlast Access Technologies Sdn Bhd	HS (D) 38463, Lot 2826, Mukim 01 Daerah Seberang Perai Tengah Negeri Pulau Pinang	Leasehold land and building 47 years 25/10/2016	Factory cum office	Leasehold for 13 years expiring 29/08/2034	449,922	13,120

GROUP DIRECTORY

PMB TECHNOLOGY BERHAD

(Company Registration No. 200201016594 (584257-X))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5205
Fax : 603-8961 1904
Website URL : www.pmbtechnology.com
Email : enquiry@pmbtechnology.com

EVERLAST ALUMINIUM (M) SDN. BHD.

(Company Registration No. 198801003086 (170443-T))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213
Website URL : www.everlas.com
Email : everlas@everlas.com

EVERLAST ACCESS TECHNOLOGIES SDN. BHD.

(Company Registration No. 199901016903 (491803-H))

Head Quarter

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

Penang Branch

No. 2025, Lorong Perusahaan 8,
Kawasan Perindustrian Prai,
13600 Prai, Penang, Malaysia.
Tel : 604-383 0128
Fax : 604-384 2127

PMB QUICK ACCESS SDN. BHD.

(Company Registration No. 200001014086 (516692-V))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 8357
Website URL : www.qaccess-scaffold.com
Email : marketing@qaccess-scaffold.com

EVERLAST ENVIRONMENTAL MANAGEMENT SDN. BHD.

(Company Registration No. 199001016124 (207793-P))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

PMB SILICON SDN. BHD.

(Company Registration No. 201601011055 (1181986-X))

Lot 1797, Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 1904

Lot 322, Block 1, Kemena Land District,
Samalaju Industrial Park,
97000 Bintulu, Sarawak, Malaysia.

PMB FACADE TECHNOLOGY SDN. BHD.

(Company Registration No. 199401005807 (291486-H))

KAI PMB FACADE TECHNOLOGY LTD.

(Company No. C41554(913)/2000)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5205/8355
Fax : 603-8961 1904/8357
Website URL : www.pmbfacade.com
Email : pmbfacade@pmbfacade.com

PMB-CYBERWALL LTD.

(Company No. 704047)

PMB FACADE TECHNOLOGY (H.K.) LTD.

(Company No. 675899)

Unit 1508-18, 15/F,
41 Heung Yip Road,
Wong Chuk Hang, Hong Kong.
Tel : 852-2397 6008
Fax : 852-2397 6206
Email : info@pmbc.com.hk

PMB LAND (SG. BESI) SDN. BHD.

(Company Registration No. 201801030428 (1292454-H))

Lot 1798, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.

PMB CARBON SDN. BHD.

(Company Registration No. 200801016309 (817599-X))

PMB CHEMICAL SDN. BHD.

(Company Registration No. 201901020560 (1329889-T))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 1904

PROXY FORM



PMB TECHNOLOGY BERHAD

Registration No. 200201016594 (584257-X)
(Incorporated in Malaysia)

CDS Account No. _____

No. of Shares Held _____

I/We, _____ NRIC No./ Passport No./ Registration No.* _____

of _____

with email address _____ mobile phone no. _____

being a member/members of **PMB TECHNOLOGY BERHAD**, hereby appoint(s):-

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			

*and/*or failing him/her (*delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			


or failing him/her/them, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting ("20th AGM") of the Company to be held at Room Tunku Abdul Rahman, The Royal Commonwealth Society of Malaysia, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 16 June 2022 at 10.30 a.m. or at any adjournment thereof, in the manner as indicated below:-

Please indicate with a "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion. The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

RESOLUTIONS		FOR	AGAINST
1. Approval of the payments of Directors' fees and benefits payable to the Independent Non-Executive Directors of up to an aggregate amount of RM190,000 for the financial year ending 31 December 2022.	Ordinary Resolution 1		
2. Re-election of Tan Sri Dato' Koon Poh Keong as Director.	Ordinary Resolution 2		
3. Re-election of Puan Noor Alina Binti Mohamad Faiz as Director.	Ordinary Resolution 3		
4. Re-appointment of KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
5. Proposed continuation in office of Mr Loo Lean Hock as Senior Independent Non-Executive Director.	Ordinary Resolution 5		
6. Proposed continuation in office of Mr Ernest Bong Miao Fatt as Independent Non-Executive Director.	Ordinary Resolution 6		
7. Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 7		
8. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature for PMB Technology Berhad and its subsidiaries.	Ordinary Resolution 8		
9. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 9		

Subject to the abovestated voting instructions, my/our proxy/proxies may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

If appointment of proxy is under hand _____ Signed by *individual member/*officer or attorney of member/*authorised nominee of _____ (beneficial owner)	No. of shares held: _____ Securities Account No.: _____ (CDS Account No.) (Compulsory) Date : _____
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PMB TECHNOLOGY BERHAD
Registration No. 200201016594 (584257-X)
Lot 1797, Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan.