



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

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Registration No. 200201016594 (584257-X)  
Lot 1797, Jalan Balakong,  
Bukit Belimbing,  
43300 Seri Kembangan,  
Selangor Darul Ehsan.

# ANNUAL REPORT 2019

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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 (*MA/CSA 7009143*)  
Tan Ai Ning (*MA/CSA 7015852*)

### 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,  
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](http://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 EIGHTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth Annual General Meeting ("18<sup>th</sup> AGM") of PMB Technology Berhad will be conducted fully virtual at <https://tjih.online> with Broadcast Venue at Suite 61 & 62, Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 11 June 2020 at 2.30 p.m. for the following purposes:

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 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 RM170,000 for the financial year ending 31 December 2020. **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) Dato' Koon Poh Tat **Ordinary Resolution 2**
  - (ii) Mr Ernest Bong Miao Fatt **Ordinary Resolution 3**
  - (iii) Mr Loo Lean Hock **Ordinary Resolution 4**
4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

#### As Special Business

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

5. **Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**

"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."

**Ordinary Resolution 6 (Please refer to Note 3 of the Explanatory Notes)**
6. **Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director**

"THAT authority be and is hereby given to Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

**Ordinary Resolution 7 (Please refer to Note 4 of the Explanatory Notes)**

# NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

cont'd

## 7. **Authority for Ernest Bong Miau Fatt to continue in office as Independent Non-Executive Director**

"THAT authority be and is hereby given to Ernest Bong Miau Fatt who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

**Ordinary Resolution 8  
(Please refer to Note 5 of  
the Explanatory Notes)**

## 8. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions 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 13 May 2020 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 Annual General Meeting ("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 Companies Act 2016 ("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 9  
(Please refer to Note 6 of  
the Explanatory Notes)**



## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

*cont'd*

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

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 2019 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 Annual General Meeting ("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, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

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 10**  
**(Please refer to Note 7 of**  
**the Explanatory Notes)**

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

# NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

cont'd

## BY ORDER OF THE BOARD

**TAI YIT CHAN** (MAICSA 7009143)

**TAN AI NING** (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

Date: 13 May 2020

## NOTES:

1. The 18<sup>th</sup> AGM of the Company will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Details of the 18<sup>th</sup> AGM which is available at <http://www.pmbtechnology.com/investors-relation/> in order to register, participate and vote remotely via the RPV.
2. The Broadcast Venue of the 18<sup>th</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the 18<sup>th</sup> AGM. **NO SHAREHOLDERS/PROXY(IES)** from the public will be allowed to physically present at the Broadcast Venue.
3. Members may submit questions to the Board of Directors prior to the 18<sup>th</sup> AGM via Tricor's TIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than 2.30 p.m. on Wednesday, 3 June 2020 or to use the query box to transmit questions to Board of Directors via RPV during live streaming.
4. Since the 18<sup>th</sup> AGM will be conducted virtually in its entirety, a Member entitled to participate and vote at the Meeting may appoint the Chairman of the 18<sup>th</sup> AGM as his/her proxy and indicate the voting instruction in the Form of Proxy.
5. 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 specifies the proportions of his holdings to be represented by each proxy.
6. 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.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
8. 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 18<sup>th</sup> 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 office of the Share Registrar 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, 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, Malaysia.
  - ii) By Tricor Online System (TIH Online)  
The Form of Proxy can be electronically submitted via TIH Online (applicable to individual shareholder only). The website to access TIH Online is <https://tiih.online>. Kindly refer to the Administrative Details of the 18<sup>th</sup> AGM for further information.
9. In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 June 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the 18<sup>th</sup> AGM of the Company shall be put to vote by way of poll.

# NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

cont'd

## EXPLANATORY NOTES

### 1. To receive the Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will **not be put for voting**.

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

Section 230(1) of the Companies Act 2016 ("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 RM170,000 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 2020.

### 3. Ordinary Resolution 6 on Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its Seventeenth Annual General Meeting held on 26 June 2019, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Companies Act 2016 ("the Act"). As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 6 proposed under item 5 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 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 Annual General Meeting.

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.

### 4. Ordinary Resolution 7 on Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director

Mr Loo Lean Hock was appointed as an Independent Non-Executive Director on 15 September 2003. His term as an independent directors exceeded twelve (12) years after 15 September 2015. Pursuant to the Malaysian Code on Corporate Governance, the Board through the Nomination Committee 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements on independent directors. Mr Loo Lean Hock abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 7.

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 in office.

### 5. Ordinary Resolution 8 on Authority for Ernest Bong Miau Fatt to continue in office 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 twelve (12) years after 30 November 2019. Pursuant to the Malaysian Code on Corporate Governance, the Board through the Nomination Committee 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements on independent directors. Mr Ernest Bong Miau Fatt abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 8.

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 in office.



## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

cont'd

### 6. Ordinary Resolution 9 on Proposed Shareholders' Mandate

Ordinary Resolution 9 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

For further information on Ordinary Resolution 9, please refer to Part A of the Circular to Shareholders dated 13 May 2020 accompanying the Annual Report of the Company for the financial year ended 31 December 2019.

### 7. Ordinary Resolution 10 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 10, 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 Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held.

For further information on Ordinary Resolution 10, please refer to Part B of the Circular to Shareholders dated 13 May 2020 accompanying the Annual Report of the Company for the financial year ended 31 December 2019.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes 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 rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## PROFILE OF DIRECTORS



**TAN SRI DATO' KOON POH KEONG**

*Executive Chairman, Non-Independent  
(Malaysian, Male, Aged 59)*

**Tan Sri Dato' Koon Poh Keong** is a Non-Independent Executive Chairman of the Company since 15 September 2003. He attended all the five (5) 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 63)*

**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 five (5) 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 aluminium trading and manufacturing and construction 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 64)*

**Mr Koon Poh Weng** is a Non-Independent Executive Director of the Company since 15 September 2003. He attended four (4) out of five (5) 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 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.



**DATO' KOON POH TAT**

*Executive Director*

*(Malaysian, Male, Aged 60)*

**Dato' Koon Poh Tat** is a Non-Independent Executive Director of the Company since 15 September 2003. He attended four (4) out of five (5) 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 25 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 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



**LOO LEAN HOCK**

*Senior Independent Non-Executive  
(Malaysian, Male, Aged 60)*

**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 five (5) 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 July 1993 as the sole practitioner. He is also a director of L. H. Loo Taxation Services Sdn. Bhd., and the Managing Director and Chief Executive Officer of LVIO Precision Sdn. Bhd. Presently, he is an Independent Non-Executive Director of Press Metal Aluminium Holdings Berhad.

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 MIAU FATT**

*Independent Non-Executive  
(Malaysian, Male, Aged 64)*

**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 and Nomination Committees. He attended all the five (5) Board meetings held during the financial year. He holds a Bachelor of Science Degree in Engineering from University of Wales, United Kingdom. He has been in engineering business for 38 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

## 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.



### **NOOR ALINA BINTI MOHAMAD FAIZ**

*Independent Non-Executive  
(Malaysian, Female, Aged 45)*

**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, Nomination and Remuneration Committees. She attended all the five (5) 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. After her return to Malaysia, she chambered with Messrs Lee, Perara & Tan and upon being called to the Malaysian Bar in 1999, she practised with the said firm until 2009. Between 2010 and 2015, 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 consultancy services for legal and secretarial matters for various companies before resuming practise in 2017 as the sole proprietor of the Chambers of Noor Alina Faiz.

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.



## GROUP STRUCTURE



**PMB TECHNOLOGY BERHAD**

Registration No. 200201016594 (584257-X)



**PMB Silicon S/B**

Co. Reg. No. 201601011055 (1181986-X)



**PMB Facade Technology S/B**

Co. Reg. No. 199401005807 (291486-H)



**PMB-Cyberwall Ltd.**

(Co. No. 704047)



**PMB Facade Technology (HK) Ltd.**

(Co. No. 675899)



**Kai PMB Facade Technology Ltd.**

(Co. No. C-41554 (913)/2000)



**Everlast Aluminium (M) S/B**

Co. Reg. No. 198801003086 (170443-T)



**Everlast Access Technologies S/B**

Co. Reg. No. 199901016903 (491803-H)



**PMB Quick Access S/B**

Co. Reg. No. 200001014086 (516692-V)



**Everlast System Builder S/B**

Co. Reg. No. 201801030428 (1292454-H)



**Everlast Environmental Management S/B**

Co. Reg. No. 199001016124 (207793-P)



**PMB Carbon S/B**

Co. Reg. No. 200801016309 (817599-X)



**PMB Chemical S/B**

Co. Reg. No. 201901020560 (1329889-T)

## 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
<b>Subsidiary Companies held directly</b>				
PMB Silicon Sdn. Bhd.	01.04.16 Malaysia	RM200,000,000	100.00	Production and distribution of metallic silicon products as well as trading, distribution and fabrication of aluminium 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 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
<b>Subsidiary Companies held indirectly through PMBF</b>				
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
<b>Subsidiary Companies held indirectly through EASB</b>				
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.
Everlast System Builder Sdn. Bhd.	23.08.18 Malaysia	RM3,000,000	100.00	Dormant
Everlast Environmental Management Sdn. Bhd.	15.11.90 Malaysia	RM3,000,000	100.00	Dormant

## CALENDAR HIGHLIGHTS

**July 2019**

*ISO Training*



**Oct 2019**

*ISO Training &  
Arc Welding Training*



**Nov 2019**

*TARUC  
Career Fair*





## CALENDAR HIGHLIGHTS

cont'd



**Dec 2019**

*Blood Donation &  
Xmas Celebration*



**Jan 2020**

*CNY celebration*



## 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 8.4 under Principle B of the Malaysian Code on Corporate Governance. Details of the composition of the Audit Committee are as follows:-

**Loo Lean Hock (Chairman)**

Senior Independent Non-Executive Director; Member of the MIA

**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 (“MIA”), 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, 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 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. The Terms of Reference was reviewed and approved by the Board of Directors (“Board”) on 24 February 2020. A copy of the Terms of Reference is available on the Company’s website at [www.pmbtechnology.com](http://www.pmbtechnology.com).

### ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2019, the Audit Committee held five (5) meetings. The details of attendance of the Audit Committee members are as follows:-

Audit Committee members	No. of meetings attended
Loo Lean Hock	5/5
Ernest Bong Miau Fatt	5/5
Noor Alina Binti Mohamad Faiz	5/5

### SUMMARY ACTIVITIES OF THE 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.



# AUDIT COMMITTEE REPORT

cont'd

## SUMMARY ACTIVITIES OF THE COMMITTEE cont'd

The main activities undertaken by the Audit Committee during the financial year ended 31 December 2019 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 Audit Committee Meeting
Unaudited financial results for the fourth quarter ended 31 December 2018 and second interim dividend for the financial year ended 31 December 2018	26 February 2019
Unaudited financial results for the first quarter ended 31 March 2019	27 May 2019
Unaudited financial results for the second quarter ended 30 June 2019 and first interim dividend for the financial year ended 31 December 2019	20 August 2019
Unaudited financial results for the third quarter ended 30 September 2019 and second interim dividend for the financial year ended 31 December 2019	28 November 2019

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 2018 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) At the meeting held on 26 February 2019, the Audit Committee 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 2018 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 2019 at the meeting held on 28 November 2019;

# AUDIT COMMITTEE REPORT

*cont'd*

## SUMMARY ACTIVITIES OF THE COMMITTEE *cont'd*

### 2. External Audit *cont'd*

- (c) Met with the External Auditors twice during the financial year, i.e. on 26 February 2019 and 28 November 2019 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; and
- (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) At the meeting held on 26 February 2019, the Audit Committee 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 2019 during the meeting held on 26 February 2019 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:-
  - revenue, purchasing, collection and cash management, environmental, health and safety management and security management;
  - follow up audit on:-
    - project management; and
    - revenue, purchasing, inventory management and control, cash management and general accounting function;
- (d) Monitored the implementation of mitigating actions taken by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed; and
- (e) Met with the internal auditors twice during the financial year, i.e. on 26 February 2019 and 20 August 2019 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; and
- (b) Evaluated the overall effectiveness of the system of internal control during the meeting held on 26 February 2019 to ensure the risk management framework is consistently adopted throughout the Group.

## AUDIT COMMITTEE REPORT

cont'd

### SUMMARY ACTIVITIES OF THE 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; and
- (c) At the meeting held on 29 October 2019, the Audit Committee reviewed the related party transactions in relation to disposal of four (4) subsidiaries, namely PMB Central Sdn Bhd, PMB Northern Sdn Bhd, PMB Eastern Sdn Bhd and PMB Aluminium Sabah Sdn Bhd, to PMB (Klang) Sdn Bhd, which is owned by Press Metal Aluminium Holdings Berhad before recommending the same to the Board for approval and subsequently to seek shareholders' approval at the general meeting held on 18 December 2019.

#### 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 their inclusion in the Company's Annual Report;
- (c) Reviewed the Aging Report on quarterly basis; and
- (d) Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the financial year ended 31 December 2018.

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 Internal Audit department, reports directly to the Audit Committee and is independent of the activities as well as operations of other operating units. The principal role of the department is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit department to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

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

The Internal Audit department has carried out the independent audit assignments on business units of the Group according to the approved annual 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.

## AUDIT COMMITTEE REPORT

cont'd

### INTERNAL AUDIT FUNCTION cont'd

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 Central Sdn Bhd	Revenue cycle
Everlast Aluminium (M) Sdn Bhd	Revenue cycle
PMB Silicon Sdn Bhd	1. Environmental, health & safety management and security management 2. Revenue and purchasing cycle

\* disposed of and ceased to be subsidiary of PMB Technology Berhad on 19 December 2019.

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

Name of entity	Auditable areas
*PMB Northern Sdn Bhd	Collection and cash management
*PMB Eastern Sdn Bhd	Revenue cycle, inventory management and control and cash management and general accounting function
PMB Quick Access Sdn Bhd	Revenue and purchasing cycle
PMB Façade Technologies Sdn Bhd	Project management, purchasing and revenue cycle

\* disposed of and ceased to be subsidiary of PMB Technology Berhad on 19 December 2019.

- (d) Reviewed related party transactions; and

- (e) 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 2019 was RM53,277.72 (2018 : RM58,829.00).

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

PMB Technology Berhad ("PMBT") 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 only aluminium smelter and the largest producer of aluminium extrusion in Malaysia.

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

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





## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

### CONSTRUCTION AND FABRICATION SEGMENT

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

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

The subsidiary companies included in this business segment are:

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

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, it also allows natural light into the building to facilitate energy savings and to reduce noise levels as part of the Green Building's requirements.

The perception of these products as high quality construction materials with both local and overseas developers are clearly evident with them being prominently featured in numerous iconic and prestigious high rise buildings.



## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

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. Because of its accuracy, the system allows pre-fabrication of cast-in items such as door and window frames, mechanical and electrical components.

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 craneage, in its operation. Due to the inherent strength of the aluminium formwork, it can be used again and again, from project to project. It has been known to achieve of 300 reuses and as a result gives most unbeatable cost efficiencies.

It is considered the most environmental friendly system of construction when everything is recycled.

The Group is fully committed to the on-going Research and Development in order to keep abreast with the latest advancement in the construction industry.



## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

### 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:

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

In December 2019, the Group sold several of its trading operating segment entities i.e. PMB Central Sdn. Bhd., PMB Northern Sdn. Bhd., PMB Eastern Sdn. Bhd. and PMB Aluminium Sabah Sdn. Bhd.. This was due to strategic decision to place greater focus on the Group's core operations, being manufacture of metallic silicon products.

### METALLIC SILICON

Metallic silicon is a vital raw material with a compounded annual growth of 4% globally as it is widely used in many industries to effectively improve the quality and performance of end user products. This growth is driven by innovation, technological advancement and the higher demand for cleaner energy.

#### Aluminium industry

In the aluminium industry, it is the key raw material required to improve castability, hardness & strength and this high-purity metallic silicon is essential to be used to produce engine blocks and alloy rims.

#### Chemical Industry

Nearly half of all metallurgical silicon produced is used by the chemical industry to make micro silica (a thickening agent and desiccant, a form of drying agent), silanes (a coupling agent) and silicone (sealants, adhesives, and lubricants).

#### Concrete Industry

Micro Silica is widely used in Concrete. Because of its extreme fineness and high silica content, micro silica is a very effective pozzolanic material for high performance concrete. Main reason is to improve its properties, in particular its compressive strength, bond strength and abrasion resistance.

#### Silicon Wafer Industry

Photovoltaic grade polysilicon is primarily used in the making of polysilicon solar cells. Currently, polysilicon solar technology accounts for more than half of the solar energy produced globally, while monosilicon technology contributes approximately 35 percent. In total, 90 percent of the solar energy used by humans is collected by silicon-based technology.

Monocrystal silicon is also a critical semiconductor material found in modern electronics. As a substrate material used in the production of field effect transistors (FETs), LEDs and integrated circuits, silicon can be found in virtually all computers, mobile phones, tablets, televisions, radios, and other modern communication devices. It is estimated that more than one-third of all electronic devices contain silicon-based semiconductor technology.

#### Silicone Compounds Industry

Silicone compounds are the raw material for a large and growing number of industrial and consumer products such as:

- Silicone rubber parts
- Urethane foam
- Sealants
- Adhesive
- Lubricants
- Food additives
- Coatings
- Polishes
- Cosmetics



## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

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 metallic silicon for these various industries using German Submerged Arc Furnace technology. The company is certified to ISO 9001 : 2015 and is REACH compliant to supply to quality conscious companies in North America, South America, Europe and Asia.

In 2019, PMB Silicon completed phase 1 with a capacity of 36,000mt per annum of metallic silicon and within the same year the company has also kickstarted phase 2, which is due to increase annual capacity to 72,000mt per annum by 2020.

PMB Silicon sees itself having a competitive advantage in metallic silicon production because of the ability to produce consistently high-grade metallic silicon to meet stringent industry standards. With investments in German submerged arc furnace technology and PMB Silicon's strategic plant engineering, these have set the company apart in this industry which will steadily pave our way to become a global cost leader.



## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

### Access Equipment

- **Ladder**

Ladder is an essential equipment to be used at home & construction sites to access higher areas without compromising one's health & safety.

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 fulfills 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 **EVERLAST** 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, United Arab Emirates, Qatar, Kuwait, Saudi Arabia, Egypt, Lebanon, Kingdom of Bahrain, Bangladesh, Maldives, Yemen, New Zealand, Singapore and Indonesia.





## MANAGEMENT DISCUSSION AND ANALYSIS

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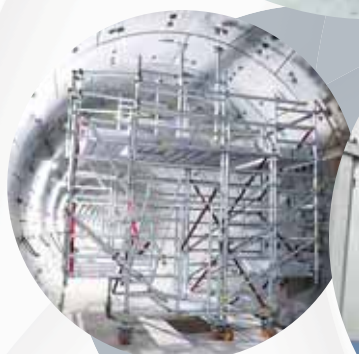
- **Scaffold tower**

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 since over a decade ago. 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 2018, PMBT Group secured a CIDB compliant status for its aluminium mobile scaffold tower to further ensure our users are fully confident that our aluminium towers achieved the highest safety standards Malaysia has to offer. All sales and rental aluminium tower component now comes with a unique laser marking as a visual evidence of this CIDB certification.

Our Scaffold Towers have been used in:

Oil & Gas industries	Hypermarkets
International convention centre	Shipyards
Power plants	International tournament or events
Aeroplane hanger	Factories & warehouses
Hotels	Government buildings



## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

- **Aerial Working Platform Equipment**

Haulotte is one of the top brands in Aerial Working Platform (AWP) Industry. PMBT Group celebrates its 10 years growing relationship with this premium French brand in 2017 and looks forward to the next decade of innovation, technology advancement and competitively priced machineries Haulotte brings. Its wide range of telehandlers, articulating boom lifts, scissor lifts, personal lifts and telescopic boom lifts, makes Haulotte one of the preferred brand of AWP machineries in Malaysia.

Genie, with its trade mark blue, innovative and practical designs, is the most recognized AWP Equipment in the world. In 2017, PMBT Group secured a relationship with Genie Malaysia and acquired multiple batches of machineries, becoming the first and only sales and rental company in Malaysia which own multiple units of the Hybrid Articulating Boom Lift. The unique ability of this articulating boom lift to perform indoors and outdoors with minimal noise disruption makes it currently one of the most sought after machines in the world due to demand surpassing supply.





## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

### Other products/services

Fabrication process is vital to create a cost effective finished product. This requires a variation of skills and expertise such as utilizing our experience in the knowledge of aluminium material and manufacturing processes. The Company is well positioned to offer fabrication services, particularly to overseas manufacturers, as a solution to the high cost of production in the developed countries, such as the US, Europe and Australia.

Besides common fabrication techniques such as punching, pressing, notching, shearing and de-burring, the Company is also capable of providing precision machining, forming, joining and tooling design for sophisticated fabrication processes.



- **Truck-Body**

Through quality management and value engineering efforts by our In-house Research & Development Department, PMBT Group has developed an Australian Certified Aluminium Truck -Trays as an alternative to the current wooden or steel bodies. Due to its light-weight and non-corrosive material characteristics, the aluminium body is a favourable substitute to steel and wood as it saves fuel with minimal maintenance required. Furthermore, aluminium is recyclable, making it a more available cost-effective substitute.

The Group is constantly working closely with the client to further improve every detail to ensure that our product is relevant to the Australian market.



## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

- **Aluminium Gate**

Due to the rising demand of auto gates for modern urban dwellings, the Group had ventured into the manufacturing of the aluminium gates as an alternative to the much heavier steel & stainless steel gates. Due to its light-weight nature, the aluminium gate can effectively reduce the maintenance cost for the auto system and improve efficiency of usage.



- **Aluminium Modular Balustrade System (also known as Hand Railings)**

Installing a handrail system has never been made any easier. Without welding required on site, PMBT can now install with just a simple instruction booklet. The modular balustrade system comes in a myriad of finishes from Natural Anodized finish, Solid or Metallic Powder Coated finish and even Wood Grain finish that last for a long time under harsh weather conditions. With customer's convenience as our engineers design priority, each system is cleverly packed into compact parcels and able to be installed very quickly with minimal untidiness created. It is also fully certified to Australian Standards to ensure that each piece is stringently checked before leaving PMBT's Warehouse.



- **Solar Mounting System**

Being one of the pioneers of aluminium fabricators in Malaysia, PMBT provides customers with high quality and cost effective mounting system in Malaysia market. With our in-house Research and Development Department, PMBT always keeps leading the status on design of solar pv mounting structure and enhancing the system performance by offering a series of ground and roof mounting systems. This is in line with the government's intention to boost green environment economy with solar pv panel installations for generating Malaysia's energy consumption from renewable resources as well as reducing carbon footprint.



### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## FINANCIAL PERFORMANCE

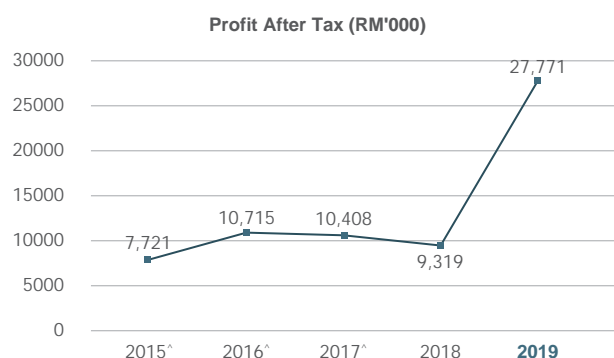
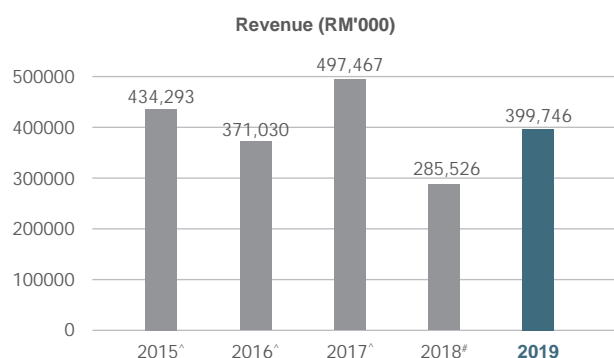
The Group recorded a revenue of RM399.7 million for the year ended 31 December 2019, representing an increase of 40% from RM285.5 million recorded for the year ended 31 December 2018, after the exclusion of the revenue from the discontinued operation of RM159.2 million.

The increase in revenue was mainly due to the contribution from the new Metallic Silicon Plant under the Manufacturing and Trading segment.

In line with higher revenue and better products mix, the Group's profit after tax increased from RM9.3 million to RM27.7 million, inclusive of the one-off gain on disposal of the subsidiaries of RM10.0 million.

## GROUP FINANCIAL HIGHLIGHTS

	2015 <sup>^</sup> RM'000	2016 <sup>^</sup> RM'000	2017 <sup>^</sup> RM'000	2018 <sup>#</sup> represented RM'000	2019 RM'000
Revenue	434,293	371,030	497,467	285,526	399,746
Profit before tax	10,555	13,293	14,423	10,747	20,397
Taxation	2,834	2,578	4,015	3,894	5,551
Profit after tax	7,721	10,715	10,408	9,319	27,771
- continuing operations				6,853	14,846
- discontinued operations				2,466	12,925
Dividends	3,099	3,099	3,099	2,340	5,657
Earnings per share (sen) *	9.97	13.83	6.72	5.95	13.58
Dividend payment as % of profit after tax	40%	29%	30%	25%	20%



	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
Total assets	345,444	360,052	431,147	775,811	1,137,759
Net current assets	68,302	78,153	69,509	57,495	89,370
Shareholders' equity	144,312	153,696	156,792	357,683	534,833
Retained earnings	93,819	101,435	108,744	115,016	137,094
Net asset per share (RM) *	1.86	1.98	1.01	2.28	2.61
Debt-to-equity ratio	0.40	0.40	0.60	0.60	0.66

\* Weighted average number of ordinary shares 77,479,800 77,479,800 154,959,600 156,574,150 204,630,150




# The financial results were represented to exclude the discontinued operations

<sup>^</sup> Inclusive of the financial results of the discontinued operations



## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Net assets per share			
RM2.61	2019		14.4%
RM2.28	2018		
Total assets			
RM1,137.8 Mil	2019		46.7%
RM775.8 Mil	2018		
Shareholders' equity			
RM534.8 Mil	2019		49.5%
RM357.7 Mil	2018		

### REVIEW OF OPERATING ACTIVITIES AND STRATEGIES

The price of aluminium which is one of the main raw materials of the Group's business was on the down trend throughout the year under review. The fluctuation in aluminium prices in the London Metal Exchange was equalised to a certain extent by the fluctuation in the US Dollar against the Ringgit which traditionally moves in the opposite direction.

Commodity prices and the Ringgit along with regional currencies will continue to be influenced by external factors such as the effect of the supply disruption in China caused by the COVID-19 pandemic. The foreign currency exchange rates and prices for Metallic Silicon are expected to be volatile in the near future. To partially mitigate its foreign exchange risk, the Group had entered into forward exchange contracts to hedge its proceeds from transactions denominated in US Dollar.

Phase 1 of the Metallic Silicon Plant is currently operating in full capacity. The Group is scheduled to commence the testing and commissioning of Phase 2 of the said Plant by the third quarter of 2020.

The setting up of Phase 2 is in line with the Group's strategy to expand its existing Metallic Silicon business to meet the Group's existing and potential customers' demand while achieving economies of scale. The Metallic Silicon business has been identified as one of the key pillars of the Group's growth strategy to enhance the future prospects and financial performance of the Group.

The Group will also continue to focus its efforts by evaluating and investing in new technologies to improve efficiency and productivity.

As part of the Group's efforts to mitigate its foreign exchange risk, some of the raw materials are being purchased locally and stocks are kept at an optimum level.

### Capital expenditure, capital structure and capital resources

On 19 June 2019 and 24 July 2019, the Company completed two private placements of new ordinary shares in the Company namely Private Placement I and II with the listing and quotation for 15,650,000 and 32,324,000 Placement I and II shares with issued prices of RM3.10 each and RM3.11 each respectively. The total proceeds raised from both Placement I and Placement II was RM149,042,640.00 to part utilise for working capital requirements and part finance the construction and purchase of equipment for Phase 2 of the Metallic Silicon Plant.

On 19 December 2019, the Company completed the disposals of the entire direct equity interest in PMB Aluminium Sabah Sdn. Bhd. and of the entire indirect equity interests in PMB Central Sdn. Bhd., PMB Northern Sdn. Bhd. and PMB Eastern Sdn. Bhd. held by Everlast Aluminium (M) Sdn. Bhd., a wholly-owned subsidiary of the Company to PMB (Klang) Sdn. Bhd., a wholly owned subsidiary of our corporate shareholder, PMAH. The total proceeds of the disposals was RM44,386,000 to be part utilised in the purchase of raw materials for Metallic Silicon production, working capital requirements and proposed special dividend.

The newly completed Phase 1 Metallic Silicon Plant is currently in full operation with Phase 2 in progress to complete the testing and commissioning in the third quarter of 2020. The total capital expenditure of Phase 2 of the Metallic Silicon Plant is approximately RM300 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

*cont'd*

### GOING FORWARD

The world economy is going through its toughest test in modern times. Trade tensions stemmed from protectionism policies of powerful economies rippled across the world affecting vast sectors of the global economy. Geopolitical disputes and domestic instability aggravated the situation further. The untimely emergence of Covid-19 plunged the fragility of the economy into deeper turmoil and protracts the recovery into uncertainty.

As the world grapples with the unseen enemy, governments are seen to be taking measures to mitigate the impact of the on slaught on human lives and the economy. Fiscal and monetary tools are used to propel ravaged economies through this dire straits.

In the midst of adversity faced by many, certain sectors have thrived. Information and Communication, Healthcare and Logistics are a few sectors that had performed exceptionally well and are expected to excel moving forward.

The Group endeavours to seek opportunities to participate in the value chain in more resilient and sustainable sectors as it continues to support its prevailing customers weather through the storm. The effect of Covid-19 may have altered permanently the way businesses are being conducted. The Group will focus on improving efficiency, productivity and invest in technology to remain relevant and competitive.

The Group do not have any dividend distribution policy in place, the dividend to reward our stakeholders will only be distributed in accordance with our 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 (3<sup>rd</sup> 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 2017 (“MCCG”). The Corporate Governance Report is available on the Company’s website, [www.pmbtechnology.com](http://www.pmbtechnology.com) as well as via an announcement on the website of Bursa Securities. The Board is pleased to share the manner in which the three (3) Principles and Practices of the MCCG have been complied by the Company with the exception of the following:-

Practice 4.1 – At least half of the Board comprises independent directors.

Practice 4.2 – Tenure of Independent Director.

Practice 11.2 – To adopt integrated reporting based on a globally recognised framework (*large companies*).

Practice 12.3 – To adopt voting in absentia and remote shareholders’ participation at general meetings.

A summary of the corporate governance practices are prescribed as follows:

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Responsibilities

##### 1. Clear role and responsibilities

During the financial year 2019, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2020. 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.

# 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

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.

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.

# 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*

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

- Members of Senior Management attend 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 informal 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.

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 Board discussions, all Board 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 be 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. Starting year 2020, all the board papers and reports for Board and Board Committees' meetings are being circulated to Board members via e-paper software. Board members 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 its Committees.

Key matters reserved for the Board includes the approval of corporate strategic plans and capital budgets, material acquisitions and disposals of undertakings and properties, quarterly and annual financial statements for announcement, monitoring of operating performance and review of the Financial Authority Approving Limits.

The Board Charter is published on the Company's website at [www.pmbtechnology.com](http://www.pmbtechnology.com) and periodically reviewed as well as updated 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 officers of the Group as well as Code of Ethics for the Board.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

### I. Board Responsibilities cont'd

#### 6. Code of Conduct and Code of Ethics cont'd

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](http://www.pmbtechnology.com).

#### 7. Whistle-Blowing Policy

The 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.

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](http://www.pmbtechnology.com).

#### 8. Conflict of Interest

Confidential information concerning the Company's activities is governed by the employment contracts. 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 2019 are disclosed on pages 53 to 76 of this Annual Report.

### 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 MCGG.

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 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.

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 (also act as 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 MCGG 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 2020, 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 Eighteenth Annual General Meeting ("AGM").

#### 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

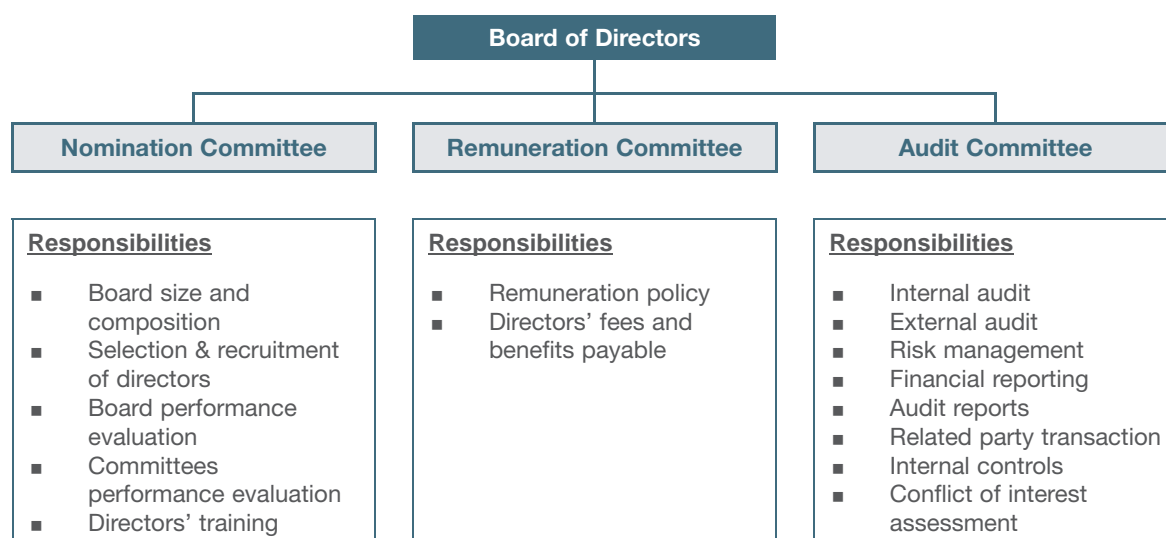
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## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

### II. Board Composition cont'd

#### 3. Board Committees and Delegation cont'd

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.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

### II. Board Composition cont'd

#### 4. Directors' Commitment cont'd

With a special Board meeting held during the financial year of 2019, the Board met five (5) 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)	5/5
Koon Poh Ming (Chief Executive Officer)	5/5
Dato' Koon Poh Tat (Executive Director)	4/5
Koon Poh Weng (Executive Director)	4/5
Loo Lean Hock (Senior Independent Non-Executive Director)	5/5
Ernest Bong Miao Fatt (Independent Non-Executive Director)	5/5
Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director)	5/5

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.

#### 5. Nomination Committee

The Company's Nomination Committee comprised 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 Miao Fatt (Independent Non-Executive Director)	Member
Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director)	Member

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

### II. Board Composition cont'd

#### 5. Nomination Committee cont'd

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](http://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.

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.

#### Nomination Committee Statement

During the financial year 2019, 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 Chief Financial Officer;
- (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; and
- (viii) Reviewed the term of office and performance of the Audit Committee and each of its members.

The Nomination Committee leads the process for identifying and making recommendation for the Board's approval on suitable candidates for directorship to the Board and members to the Board Committees. The Nomination Committee may consider engaging external consultants in the identification of potential candidates.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

### II. Board Composition cont'd

#### 5. Nomination Committee cont'd

##### Nomination Committee Statement cont'd

In evaluating the suitability of candidate(s), the Nomination Committee will review their profile and curriculum vitae and considers, inter-alia the competency, commitment (including time commitment), character, integrity, mix of skills, knowledge, expertise and experience in meeting the needs of the Company. The Nomination Committee will then recommend the candidate(s) to the Board. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the proposed candidate(s). The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

In regards to the candidates for appointment as Independent Director, the Nomination Committee would assess the potential candidate's suitability based on the criteria on independence as set out in the Listing Requirements.

The Nomination Committee also facilitates and organises the yearly Board Evaluation to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Directors. The evaluation process is led by the Nomination Committee and 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.

Primary criteria adopted for assessing the performance of the Board and Board Committees include composition, structure, operations, role and responsibilities and the adequacy of information and processes. For individual Directors, the assessment is carried out based on the criteria of character, experience, integrity, competency and time in order to discharge their responsibilities effectively.

During the financial year ended 31 December 2019, the Nomination Committee assessed the effectiveness of the Board, its Committees and the contribution of each Director with the aim of improving individual contribution, effectiveness of the Board and its Committees, identify gaps, maximise strengths and address weaknesses of the Board.

From the performance assessment conducted by the Nomination Committee on 24 February 2020, 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.

#### 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. Hence, the Board had on 24 February 2020 adopted a Diversity Policy 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.

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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

### II. Board Composition cont'd

#### 6. Diversity cont'd

CATEGORY OF EMPLOYEES	Female	Male	Total
Non-Executive	45	165	210
Executive	46	55	101
Managerial	19	33	52
<b>Total No. of Employees</b>	<b>110</b>	<b>253</b>	<b>363</b>

#### 7. Board Assessment and Annual Evaluation

The Nomination Committee reviews annually the required mix of skills and experience of Directors; effectiveness of the Board as a whole and its Board Committees; succession plans and boardroom diversity, including gender, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including the independence of the Independent Directors.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at the Board meeting by the Nomination Committee Chairman. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.

The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the Nomination Committee had met to review and 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; effectiveness of the Board as a whole and the Board Committees; and independence of the Independent Directors.

The Board was 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 Dato' Koon Poh Tat, Mr Ernest Bong Miao Fatt and Mr Loo Lean Hock as Directors pursuant to Clause 95 of the Constitution of the Company, at the forthcoming Eighteenth 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 ("MAP"). 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

### II. Board Composition cont'd

#### 9. Directors' Training cont'd

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

- UBS Greater China Conference 2019
- Credit Suisse Market Outlook Seminar 2019
- KSI 2019 Malaysian Economic & Strategic Outlook Forum
- JP Morgan 2019 Equity Market Outlook
- ACCCIM National Economic Forum 2019
- Metal Bulletin International Aluminium 2019
- 19<sup>th</sup> Annual Forbes Global CEO Conference
- National Tax Conference 2019
- MIA International Accountants Conference 2019
- The Effects of Digital Tax Malaysia
- Malaysian OSH: Legacy and Future Vision of Excellence 25<sup>th</sup> Years of OSHA 1994
- Tax Risk Management and Board's Responsibility
- Read, Interpret and Analyze Financial Statements of Company Directors and Company Secretaries
- Preparing for Corporate Liability in Malaysia and How Ethics Makes Business Sustainable
- Corporate Rescue and Insolvency

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 of Bursa Securities, the MCGG 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.

### 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 (Independent Non-Executive Director)	Chairman
Loo Lean Hock (Senior Independent Non-Executive Director)	Member
Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director)	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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

#### III. Remuneration cont'd

##### Remuneration Committee cont'd

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 revised Remuneration Policy which was reviewed and approved by the Board on 24 February 2020 is available at the Company website, [www.pmbtechnology.com](http://www.pmbtechnology.com).

The details of the Directors' Remuneration for the financial year ended 31 December 2019 are disclosed in the Corporate Governance Report under Practice 7.1.

### 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 17 to 21 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 two 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

### I. Audit Committee cont'd

#### 2. External Auditors cont'd

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 2020.

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.

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 20 to 21 of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

### 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](http://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.

On 24 February 2020, the Board reviewed and approved the revised Corporate Disclosure Policies and Procedure and is available on the Company website, [www.pmbtechnology.com](http://www.pmbtechnology.com).

#### 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.

All the Directors were in attendance during the Seventeenth AGM. Shareholders and proxy holders were given the opportunity to raise questions on the resolutions being proposed as well as on the Group's operations and performances.

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 12.1 of the MCGG.

The Notice of AGM is also 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.

In compliance with the Listing Requirements, the Company has implemented poll voting as well as to appoint an independent scrutineer to validate the votes cast at the AGM.

The Company had adopted manual voting system at its Seventeenth AGM whereby, the shareholders, upon the instruction given by the Chairman, lined up and cast their votes by putting their polling slips into the ballot boxes provided by the poll administrator. The results of the polling was then announced after it had been verified by the independent scrutineer.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. Conduct of General Meetings cont'd

All the resolutions set out in the Notice of the Seventeenth AGM were put to vote by poll voting and duly passed. The outcome of the Seventeenth AGM was announced to Bursa Securities together with the independent scrutineer on the same meeting day.

A summary of the key matters discussed at the AGM, as soon as practicable after the conclusion of the AGM is published on the Company's website upon reviewed and approved by the Board.

As recommended by MCGG and due to COVID-19 outbreak, the forthcoming Eighteenth AGM of the Company will be conducted virtually in its entirety by using the Remote Participation and Voting facilities which allow the shareholders to participate, view live webcast, submit questions and vote remotely without being physically present at the venue.

### FOCUS AREAS ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2019 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.

Corporate governance areas which gained heightened attention from the Board during the financial year ended 31 December 2019 are as follows:

#### Review of policies and procedures

In light of the changes in the rich domestic corporate governance tapestry, the Board is seeking to review and update its existing policies and procedures to ensure they are kept contemporaneous whilst equally kept relevant to the Company's needs. The Board will look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

#### Integrated Reporting

The Company has yet to adopt an integrated reporting. The Board acknowledges that integrated reporting goes beyond a mere combination of a financial statement and sustainability report into a single document.

Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report. The Board may consider adopting integrated reporting in future.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 13 May 2020.

## 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 and of the Company 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 ("MFRS"), International Financial Reporting Standards ("IFRS") 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*

Save and disclosed below, there were no material contracts entered into by the Group involving interest of Directors, Chief Executive and major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or since the end of the previous financial year:

- a) A conditional sale and purchase of shares agreements entered into between Everlast Aluminium (M) Sdn Bhd, a wholly-owned subsidiary of the Company with PMB (Klang) Sdn Bhd ("PMB Klang"), a wholly-owned subsidiary of Press Metal International (HK) Limited, which in turn is a wholly-owned subsidiary of Press Metal Aluminium Holdings Berhad on 29 October 2019 for disposals of the entire equity interests in PMB Central Sdn Bhd, PMB Northern Sdn Bhd and PMB Eastern Sdn Bhd to PMB Klang for a total cash consideration of RM43,182,000.
- b) A conditional sale and purchase of shares agreement entered into between the Company and PMB Klang on 29 October 2019 for disposal of the entire equity interest in PMB Aluminium Sabah Sdn Bhd to PMB Klang, for a total cash consideration of RM1,204,000.

(collectively referred to as "Proposed Disposals")

The Proposed Disposals were completed on 19 December 2019.

### (2) *Audit and Non-audit fees*

During the financial year ended 31 December 2019, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors, KPMG PLT and a firm affiliated to KPMG PLT are as follows:

	Company (RM'000)	Group (RM'000)
<b>Audit Fees</b>	85	328
<b>Non-Audit Fees</b>		
- Review of the Statement on Risk Management and Internal Control	25	25
- Sustainability advisory services in relation to Sustainability Reporting	15	15
- Tax fees	6	6
<b>Total</b>	<b>131</b>	<b>374</b>

### (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 2019 are stated in Section 2.2 and Section 2.3 of the Circular to Shareholders dated 13 May 2020 and Note 31 of the Financial Statements.

## ADDITIONAL COMPLIANCE INFORMATION

cont'd

### (4) Utilisation of Proceeds

#### (A) Placements

On 19 June 2019, the Company had completed Placement I with the listing and quotation for 15,650,000 new Placement I shares with issued price of RM3.10 each. The total proceeds raised was RM48,515,000.00.

On 24 July 2019, the Company had completed Placement II with the listing and quotation of 32,324,000 new Placement II shares with issued price of RM3.11 each. The total proceeds raised was RM100,527,640.00.

The total proceeds raised from Placement I and Placement II was RM149,042,640.00.

As at 31 December 2019, the proceeds from the Placement I and Placement II had been fully utilised.

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Estimated timeframe for utilisation from listing of the Placement I and Placement II
<b>Placement I</b>			
Working Capital	48,325	48,325	Within 12 months
Estimated expenses in relation to the Placement I	190	190	Upon the completion of the Placement I
	<b>48,515</b>	<b>48,515</b>	
<b>Placement II</b>			
Construction of the Phase 2 PMB Silicon Facility*	40,138	40,138	Within 12 months
Purchase of equipment for the Phase 2 PMB Silicon Facility*	60,000	60,000	Within 12 months
Estimated expenses in relation to the Placement II	390	390	Upon the completion of the Placement II
	<b>100,528</b>	<b>100,528</b>	
<b>Total</b>	<b>149,043</b>	<b>149,043</b>	

\* The PMB Silicon Facility is located at Samalaju Industrial Park, Bintulu, Sarawak and is constructed for the manufacturing of metallic silicon.

#### (B) Disposals

On 19 December 2019, the Company had completed the Proposed Disposals.

As at 31 December 2019, the status of utilisation of proceeds from the Disposals are as follows:

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Estimated timeframe for utilisation from the Disposals
Purchase of raw materials <sup>#</sup>	37,785	1,019	Within 12 months
Proposed dividend	3,070	-	Within 12 months
Working capital	3,101	3,101	Within 12 months
Estimated expenses	430	430	Within 6 months
<b>Total</b>	<b>44,386</b>	<b>4,550</b>	

<sup>#</sup> Raw materials are for metallic silicon products.



## SUSTAINABILITY STATEMENT

### INTRODUCTION

Since its first successful production, aluminium has become a close collaborator in the transformation of modern society, assisting people and the economy to operate more efficiently by enabling advancements in transportation, manufacturing, construction and electronics industries.

As the world strives to become greener and more efficient, it is no doubt that aluminium will continue to play a big part in our efforts. Lightweight, strong and highly recyclable, value-added aluminium products have the potential to reduce energy costs and carbon emissions. Coated aluminium reflects 95 percent of sunlight, dramatically increasing building energy efficiency. It is noteworthy that independent studies have confirmed aluminium has twenty-percent smaller lifecycle energy consumption than steel in transportation.

In 2019, we began the production of silicon metal at our smelting plant in Samalaju Industrial Park in Sarawak, a gazette-zone for energy-intensive industries where hydroelectricity is used as its main source of power. With this latest endeavor, our vision is to become a global cost leader in producing high-grade silicon metal. As with aluminium, the use of silicon contributes to weight reductions, thus reducing fuel consumption through increased efficiencies.

At PMB Technology Berhad (“PMBT” or the “Group”), we understand these inherent sustainable properties of aluminium and silicon and leverage on its benefits, while being cautiously aware of the impact our operations have on our surrounding environment.

Our Sustainability Statements have continuously defined our commitment to long-term value creation. We seek to demonstrate our sustainability risks and opportunities (“sustainability matters”) attributable to our key stakeholders, highlighting the economic, environmental, and social (“EES”) impacts of our business operations and initiatives.

#### Reporting Period

1 January 2019 to 31 December 2019 (“FY2019”), unless otherwise stated.

#### Reporting Frameworks & Guidelines

The development of this Sustainability Statement was guided by the following:

- Main Market Listing Requirements on Sustainability Reporting – Sustainability Reporting Guide (2nd Edition) – Guidelines & Toolkits by Bursa Malaysia Securities Berhad (“Bursa Malaysia”)
- Global Reporting Initiative (“GRI”) Standards
- FTSE4Good Bursa Malaysia Index (“FTSE4Good”)
- United Nations (“UN”) Sustainable Development Goals (“SDGs”)

#### Reporting Scope & Boundaries

The reporting scope encompasses PMBT and our active subsidiaries, involving primary business activities and operations located in Malaysia, namely Construction and Fabrication as well as Manufacturing and Trading. Sustainability indicators disclosed that do not cover all entities have been stated where relevant.

- 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

In light of the economic situation amidst the rise of virus (“Covid-19”) incidences in China, there has been a global effect on the supply and prices of aluminium. We recognise that the year 2020 will be a challenging one and place a substantial impact on the scale of our productions.

# SUSTAINABILITY STATEMENT

cont'd

## SUSTAINABILITY GOVERNANCE

PMBT recognises the importance of sustainability and are actively innovating to promote and integrate EES considerations into key business decisions and processes. Our Group-wide Sustainability Policy seeks to ensure that we operate in a responsible manner and create value through economic profitability, social inclusion and decreased environmental impact. The following are key objectives outlined:

- Endeavour to integrate the principles of sustainability into the PMBT's strategies, policies and procedures.
- Promote sustainability practices.
- Comply with all applicable legislation, regulations and code of practices.
- Ensure commitment of the Board and Senior Management in implementing the Policy and review of sustainability performance.
- Create a culture of sustainability within the Group and the community, with an emphasis on integrating environmental, social and governance ("ESG") considerations into decision making process as well as delivery of outcomes.

### BOARD OF DIRECTORS ("BOD" OR THE "BOARD")

Sustainability is driven throughout or organisation by the Board as it is an integral part of our overriding commitment towards good governance. This is seen through sustainability implementation and monitoring within our governance framework. The Board is accountable for reviewing the Sustainability Policy and setting the Group's strategic direction in consideration of EES risks and opportunities.

### CHIEF EXECUTIVE OFFICER ("CEO")

Our CEO provides the Board with advice for the implementation of set strategies and ensures that the Group's plans are efficiently executed, and sustainability objectives are achieved. This is done by looking beyond short-term profits and fostering a culture of responsibility and transparency to demonstrate EES impact. Where possible, the CEO ensures core business strategies, operations and investments are in line with the Group's sustainability agenda.

### SUSTAINABILITY WORKING GROUP ("SWG")

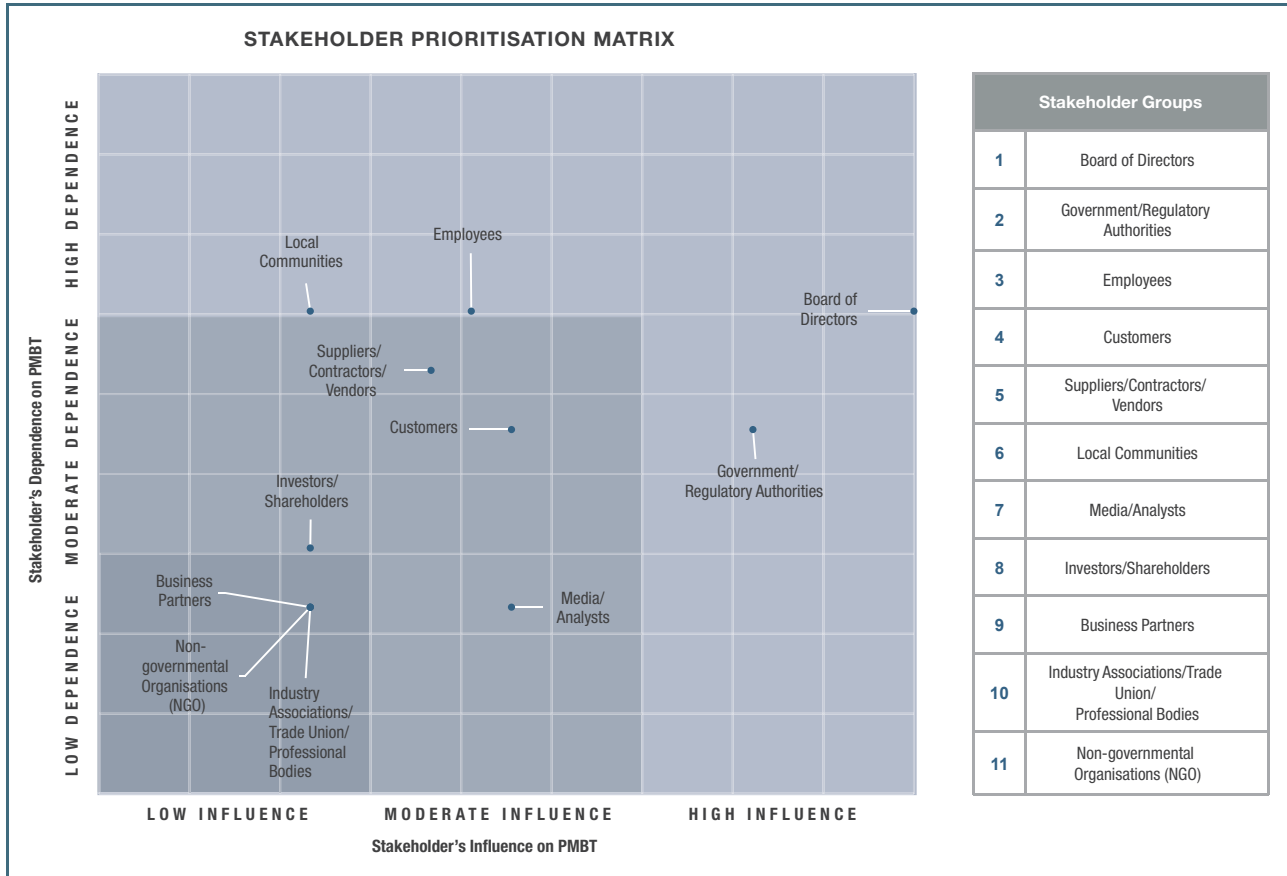
The SWG, founded in 2017, consists of various business units to ensure we are at the forefront of sustainability-driven initiatives applicable within the industry. Led by our Group Financial Controller with guidance from respective Head of Departments, the SWG monitors and manages operational requirements as stated in the Sustainability Policy throughout the Group. Our CEO is updated regularly on the overall performance of each department. For effective sustainability reporting procedures, the SWG ensures that sustainability disclosures are accurate and as required by the laws and regulations, subsequently presenting it to the CEO and BOD for approval.

## STAKEHOLDER ENGAGEMENT

During the reporting year, we reprioritised our stakeholder groups to reflect the Group's operational changes, taking into account our expansion into the production of silicon metal. This was done by reassessing the level of dependence and influence each stakeholder group has over PMBT. Due to our new operations in Sarawak, local communities have been split into its own Stakeholder Group, separated from Non-Governmental Organisations ("NGO") as was disclosed in 2018. This is to appropriately assess each stakeholder group. The results of the exercise are illustrated in the following matrix below.

# SUSTAINABILITY STATEMENT

cont'd



Stakeholder engagement is a critical in evaluating the impact that EES issues may have on our organisation that influence stakeholders' decisions. This is often an overlooked or under-prioritised aspect of many organisations' sustainability efforts, however PMBT has built effective relations with our key internal and external stakeholders through periodic engagement sessions. These sessions have enabled us to identify and address concerning matters that are imperative to our operating ecosystem as well as define our strategic priorities. The table below summarises the details of our engagement with various stakeholders through multiple channels and the mechanisms we use to communicate our progress in addressing their concerns:

Stakeholder Group	Engagement Channel	*Focus Areas	**Our Response
Board of Directors	<ul style="list-style-type: none"> <li>➤ Board Meetings</li> <li>➤ Annual General Meeting (AGM)</li> <li>➤ Corporate Events</li> </ul>	<ul style="list-style-type: none"> <li>➤ Product Stewardship</li> <li>➤ Business Development &amp; Strategic Partnerships/ Collaborations</li> <li>➤ Corporate Governance &amp; Ethical Behaviour</li> <li>➤ Customer Satisfaction</li> <li>➤ Data Privacy &amp; Security</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> </ul>
Government/Regulatory Authorities	<ul style="list-style-type: none"> <li>➤ Ad-hoc Public Invitations</li> <li>➤ Site Visits</li> <li>➤ Conferences</li> <li>➤ Programmes organised by relevant authorities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Corporate Governance &amp; Ethical Behaviour</li> <li>➤ Safe &amp; Conducive Workplace</li> <li>➤ Fair Employment Practices</li> <li>➤ Environmental Management</li> <li>➤ Data Privacy &amp; Security</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> <li>➤ Theme 2: Developing People</li> <li>➤ Theme 3: Driving Corporate Responsibility</li> </ul>

# SUSTAINABILITY STATEMENT

cont'd

Stakeholder Group	Engagement Channel	*Focus Areas	**Our Response
Employees	<ul style="list-style-type: none"> <li>➤ Employee Engagement Survey</li> <li>➤ Learning &amp; Development Programmes</li> <li>➤ Volunteering Projects</li> <li>➤ Performance Appraisal</li> <li>➤ On-Boarding</li> </ul>	<ul style="list-style-type: none"> <li>➤ Human Capital Investment</li> <li>➤ Safe &amp; Conducive Workplace</li> <li>➤ Fair Employment Practices</li> <li>➤ Environmental Management</li> <li>➤ Community Development</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 2: Developing People</li> <li>➤ Theme 3: Driving Corporate Responsibility</li> </ul>
Customers	<ul style="list-style-type: none"> <li>➤ Online Platforms</li> <li>➤ Customer Satisfaction Survey</li> <li>➤ Customer Audits</li> </ul>	<ul style="list-style-type: none"> <li>➤ Product Stewardship</li> <li>➤ Customer Satisfaction</li> <li>➤ Data Privacy &amp; Security</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> </ul>
Suppliers/ Contractors/ Vendors	<ul style="list-style-type: none"> <li>➤ One-to-One Meetings</li> <li>➤ Periodic Performance Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Sustainable Supply Chain Practices</li> <li>➤ Safe &amp; Conducive Workplace</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> <li>➤ Theme 2: Developing People</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>➤ Community Development Programmes</li> </ul>	<ul style="list-style-type: none"> <li>➤ Community Development</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 3: Driving Corporate Responsibility</li> </ul>
Media/Analysts	<ul style="list-style-type: none"> <li>➤ Media Meetings</li> <li>➤ Investor/Media Briefings</li> <li>➤ Media Releases/Conferences</li> </ul>	<ul style="list-style-type: none"> <li>➤ Corporate Governance &amp; Ethical Behaviour</li> <li>➤ Fair Employment Practices</li> <li>➤ Environmental Management</li> <li>➤ Community Development</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> <li>➤ Theme 2: Developing People</li> <li>➤ Theme 3: Driving Corporate Responsibility</li> </ul>
Investors/ Shareholders	<ul style="list-style-type: none"> <li>➤ Ad-hoc Conference</li> <li>➤ Analyst Briefings</li> </ul>	<ul style="list-style-type: none"> <li>➤ Sustainable Supply Chain Practices</li> <li>➤ Business Development &amp; Strategic Partnerships/ Collaborations</li> <li>➤ Corporate Governance &amp; Ethical Behaviour</li> <li>➤ Environmental Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> <li>➤ Theme 3: Driving Corporate Responsibility</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>➤ On-going Meetings</li> </ul>	<ul style="list-style-type: none"> <li>➤ Sustainable Supply Chain Practices</li> <li>➤ Business Development &amp; Strategic Partnerships/ Collaborations</li> <li>➤ Corporate Governance &amp; Ethical Behaviour</li> <li>➤ Safe &amp; Conducive Workplace</li> <li>➤ Environmental Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> <li>➤ Theme 2: Developing People</li> <li>➤ Theme 3: Driving Corporate Responsibility</li> </ul>
Industry Associations/Trade Union/Professional Bodies	<ul style="list-style-type: none"> <li>➤ Online Platforms</li> <li>➤ Conferences</li> </ul>	<ul style="list-style-type: none"> <li>➤ Product Stewardship</li> <li>➤ Human Capital Investment</li> <li>➤ Corporate Governance &amp; Ethical Behaviour</li> <li>➤ Safe &amp; Conducive Workplace</li> <li>➤ Environmental Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Theme 1: Delivering Value Through Innovation</li> <li>➤ Theme 2: Developing People</li> <li>➤ Theme 3: Driving Corporate Responsibility</li> </ul>

# SUSTAINABILITY STATEMENT

cont'd

Stakeholder Group	Engagement Channel	*Focus Areas	**Our Response
Non-Governmental Organisations	➤ Ad-hoc Programmes	➤ Fair Employment Practices ➤ Environmental Management ➤ Community Development	➤ Theme 2: Developing People ➤ Theme 3: Driving Corporate Responsibility




\* Further information regarding the sustainability matters relevant to each stakeholder group can be found throughout this Sustainability Statement

\*\* For further information on the Sustainability Themes, please refer to the following pages:

- Theme 1: Delivering Value Through Innovation (pg. 59-65)
- Theme 2: Developing People (pg. 66-72)
- Theme 3: Driving Corporate Responsibility (pg. 73-76)

## MATERIALITY ASSESSMENT

The industrial landscape of both aluminium and silicon mining continues to grow increasingly complex as issues and opportunities emerge or change in their urgency. According to sixteen (16) countries surveyed, commodity prices and permitting risk remain top risks alongside access to capital, community relations and social license to operate. However, there has been a notable shift in focus by the industry to a higher regard for holistic measures reflecting ESG-related risks, with environmental risks, including new regulations and compliance changes, jumping the ranks<sup>1</sup>.

SUSTAINABILITY MATTERS					
 <b>Theme 1: Delivering Value Through Innovation</b>		 <b>Theme 2: Developing Capabilities &amp; Opportunities</b>		 <b>Theme 3: Driving Corporate Responsibility</b>	
1	Sustainable Supply Chain Practices	7	Fair Employment Practices	10	Environmental Management
2	Product Stewardship				
3	Customer Satisfaction	8	Safe & Conducive Workplace		
4	Business Development & Strategic Partnerships/ Collaborations				
5	Corporate Governance & Ethical Behaviour	9	Human Capital Investment	11	Community Development
6	Data Privacy & Security				

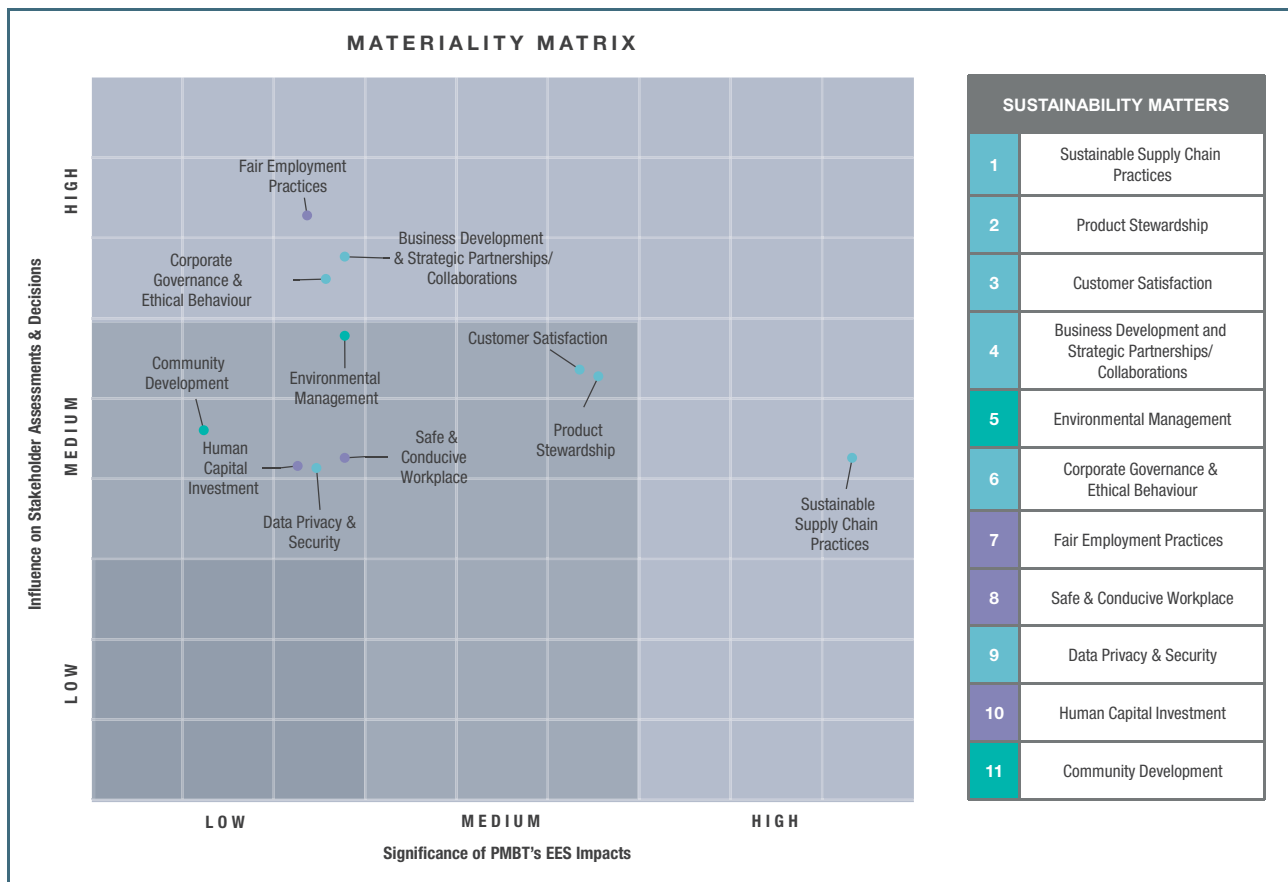
<sup>1</sup> KPMG - 2020 Global Mining Survey Report



## SUSTAINABILITY STATEMENT

cont'd

In 2017, a list of material sustainability matters was identified and prioritised, however since then, the significance of our EES impacts on business operations have changed due to the new considerations and implications of our silicon metal plant. Hence, our Materiality Matrix has been updated based on an Impact Assessment workshop carried out with Management personnel from various business units. We had leveraged on internal and external factors including existing Group Enterprise Risk Management (“ERM”) criteria and evaluation parameters to rate the likelihood and impact of occurrences of non-financial risks events and materialisation of opportunities associated with our sustainability matters.



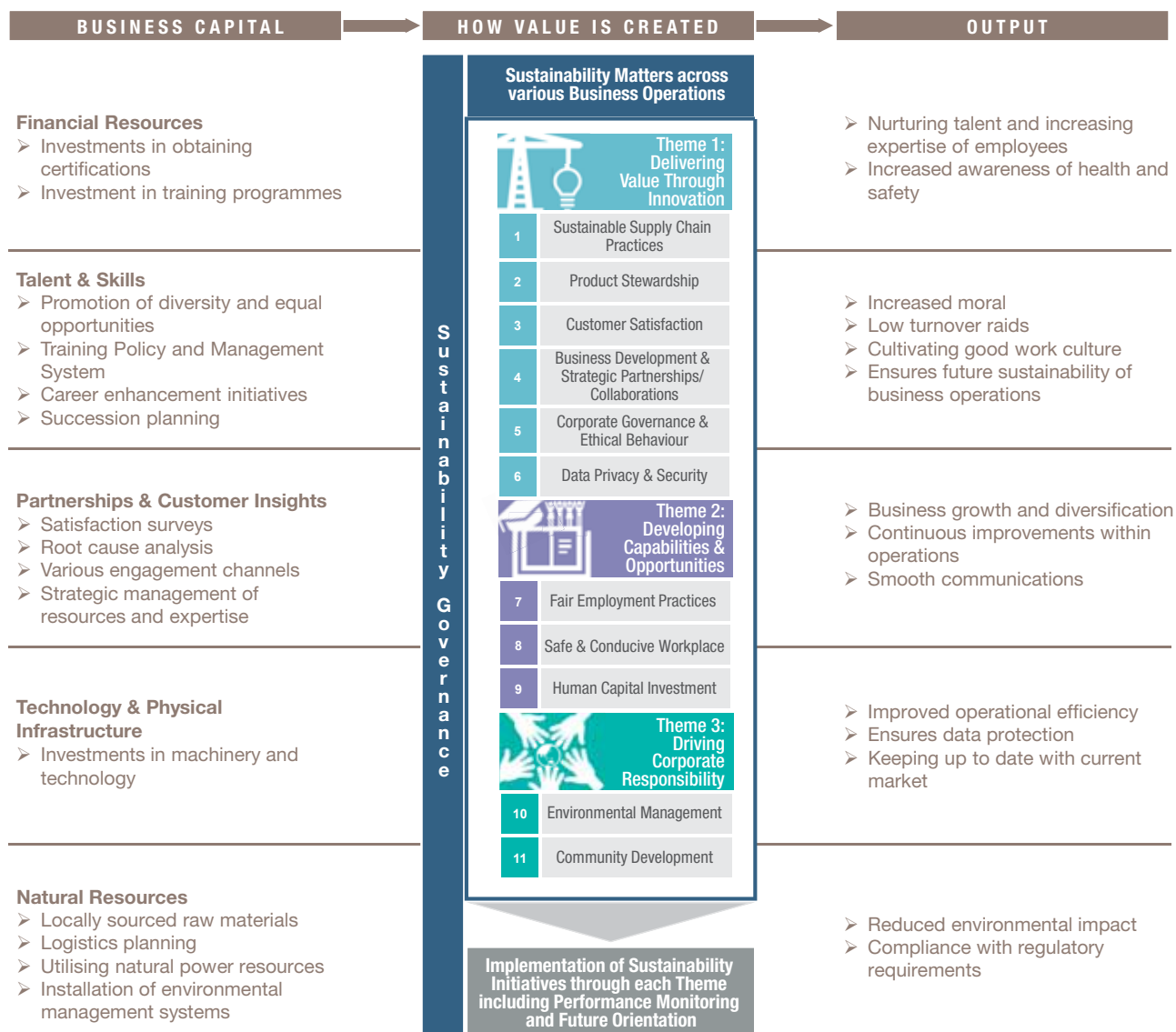
There was an increasing regard for sustainable supply chain practices and customer satisfaction as our key stakeholders are becoming increasingly aware of the possible EES impacts linked to these sustainability matters. Human Capital Investment has decreased in ranking as the Group ensures employees are able to conduct their tasks effectively by providing sufficient training programmes catered to various needs. With the diversification of our products and operations, PMBT is aware of the environmental impact the business has on our surroundings and it is of utmost importance that we ensure the matter is well-managed.

### CREATING VALUE

Our Value Creation Model, as illustrated in the next page, aims to redefine our corporate ecosystem by enabling shared value to be created for all the Group's stakeholders over short, medium and long-term. This indicates that business activities could generate economic value through identifying and addressing social issues that intersect with our operations.

# SUSTAINABILITY STATEMENT

cont'd



## THEME 1: DELIVERING VALUE THROUGH INNOVATION

Innovation lies at the heart of our business – it drives value creation within PMBT and allows us to build long-lasting relationships with our stakeholders. To be at the forefront of innovation, we strive to have a deep understanding of our external environment. This includes keeping abreast of the latest technological shifts, ever-evolving consumer demands, regulatory uncertainty and the volatile economic trends.

# SUSTAINABILITY STATEMENT

cont'd

Sustainability Matters	Key Initiatives	Key Outcomes & Value Created
 <b>Sustainable Supply Chain Practices</b>	<ul style="list-style-type: none"> <li>➤ Procurement Guidelines, Vendor Code of Conduct and Purchase and Contract Agreements</li> <li>➤ On-the job key procurement trainings</li> <li>➤ Arranging logistics and distribution strategically</li> <li>➤ Frequent maintenance of shipment vehicles</li> </ul>	<ul style="list-style-type: none"> <li>➤ Encourages sustainable sourcing, adequate environmental practices and fair human rights practices</li> <li>➤ Establish a collective understanding of the importance of supplier standards</li> <li>➤ Minimise the number of shipments to reduce fuel consumption and emissions</li> <li>➤ Minimise fuel consumption, emissions, and vehicle malfunctions</li> <li>➤ Increased quality performance and delivery accuracy</li> </ul>
  <b>Product Stewardship</b>	<ul style="list-style-type: none"> <li>➤ Locally sourced raw materials</li> <li>➤ Quality management system based on international standards</li> <li>➤ Invested in technological solutions</li> </ul>	<ul style="list-style-type: none"> <li>➤ Be ahead in the industry and respond to the customer needs</li> <li>➤ Internal non-conformities kept below target limit</li> <li>➤ Enhance operational efficiency</li> <li>➤ Minimising the possibility of occupational injuries and product rejection rates</li> </ul>
 <b>Customer Satisfaction</b>	<ul style="list-style-type: none"> <li>➤ Review and validate customer complaints, conduct root cause analysis, develop corrective and preventive action plans to resolve the issues</li> <li>➤ Customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>➤ Increased overall customer satisfaction rating</li> <li>➤ Continuous and smooth communications with customers</li> </ul>
  <b>Business Development &amp; Strategic Partnerships/ Collaborations</b>	<ul style="list-style-type: none"> <li>➤ Business Expansion Strategy, Global Exhibition Visits and international Market Sales Pipeline initiatives</li> <li>➤ Endeavor to diversify business portfolio, acquire new plants and machinery</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continuous improvements in proposition and output to manage resource and expertise</li> <li>➤ Expand domestically and in selective overseas markets</li> </ul>
  <b>Corporate Governance &amp; Ethical Behaviour</b>	<ul style="list-style-type: none"> <li>➤ Code of Conduct</li> <li>➤ Maintain good corporate governance</li> <li>➤ Assess and manage risks related to regulatory compliance and ethical behaviour through multiple internal control systems</li> </ul>	<ul style="list-style-type: none"> <li>➤ Minimise unnecessary and excessive risks</li> <li>➤ No cases of non-compliance nor ethical breaches</li> </ul>
 <b>Data Privacy &amp; Security</b>	<ul style="list-style-type: none"> <li>➤ Investments in various software and systems</li> <li>➤ Disaster recovery sites</li> <li>➤ Mandatory training and IT awareness briefings</li> </ul>	<ul style="list-style-type: none"> <li>➤ Reduced cyber-risk exposure</li> <li>➤ No reported incidents or breaches</li> </ul>

## SUSTAINABILITY STATEMENT

cont'd

### SUSTAINABLE SUPPLY CHAIN PRACTICES

The implementation of sustainability in our supply chain remains challenging, however, PMBT aims to implement and assure responsibility in our procurement practices by addressing the role risk management plays in this process. The Group is committed to ensuring that we comply with all laws and regulations within our operations that enable us to maintain standards. This commitment is extended to those beyond our direct operations by building close and strong relationships with our suppliers while ensuring transparency and ethical behaviour.

Managing our supply chain in a responsible manner requires a structured and guided approach which is outlined in our Procurement guidelines, Vendor Code of Conduct and purchase and contract agreements.

<b>Procurement Guidelines</b>	Our Procurement Guidelines articulates our procedures in appointing and monitoring vendors and suppliers. This guide ensures that the Procurement Department is aware of the standards we are required to adhere to.	
<b>Vendor Code of Conduct</b>	In our efforts to raise industrial standards, we believe in providing our vendors with support and development. Our efforts are articulated in the requirements we set out in areas such as legal compliance, anti-corruption, human rights, health and safety, and environmental management.	
<b>Purchase Contract &amp; Agreement</b>	To ensure that we maintain high standard products our customers expect, we have formalise specific requirements for our suppliers in areas such as material and product specification, tailored to each project.	

We view our suppliers and vendors as partners and guide them on the standards through our Vendor Code of Conduct. However, should our suppliers or vendors fail to meet our requisite standards nor address issues that we have communicated to them, we will terminate our contract with them. The assessment criteria imposed on our suppliers include:

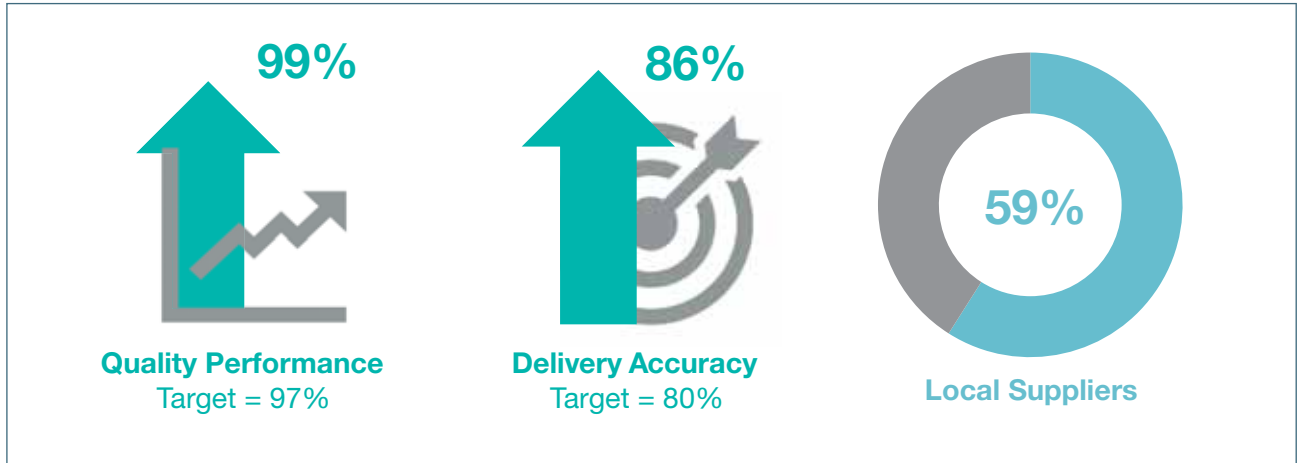
- sustainable sourcing
- compliance with regulatory requirements
- adequate environmental practices
- availability of certifications or licenses
- fair human rights practices
- accessibility to internal control procedures

Our Purchasing department conducts supplier pre-appointment evaluation, site visits for supplier inspection as well as maintains an approved vendor list. They are also tasked with the continuous monitoring of suppliers, including testing quality standards, monitoring delivery performance and transparency with support from the Quality Control team to determine reliability of suppliers. We offer our employees on-the-job key procurement trainings to establish a collective understanding of the importance of supplier standards.

At PMBT, we are committed to supporting our local businesses. However, with the inclusion of PMB Silicon, requiring some raw materials only available overseas, the number of our foreign suppliers have increased in 2019.

## SUSTAINABILITY STATEMENT

cont'd



Note: The percentage of local suppliers have decreased to 59% from 83% in 2018

In an effort to embed sustainability in our supply chain, we encourage our customers to resell their used aluminium formwork back to us. These will then be given to our suppliers for recycling. Our trading processes have been optimised to improve distribution efficiency and decrease environmental impacts through the following methods:

- arranging logistics and distribution strategically to minimise the number of shipments to reduce fuel consumption and emissions.
- ensuring frequent maintenance of shipment vehicles to minimise fuel consumption, emissions, and vehicle malfunctions.

### PRODUCT STEWARDSHIP

Our aluminium products are made from locally sourced raw materials that are lightweight, strong and highly recyclable, whilst silicon, used as an alloying agent, increases the strength of aluminium. With high rainfall and an abundance of rivers, our plants in Sarawak are run on affordable, renewable energy through hydropower developments. Our products also adhere to International Standard Organisation ("ISO") procedures.

	Aluminium Curtain Wall		Aluminium Extrusion		Aluminium Fabrication		Aluminium Scaffolding
	Aluminium Ladders		Aluminium Formwork		Rental Machineries		Silicon Metal Plant

While these are inherent properties of our products, our Production and Research & Development ("R&D") Department supported by the Quality Assurance ("QA") & Quality Control ("QC") Department are continually challenged to develop new cost-effective and efficient products as well as enhance current product designs.


The Group's New Product Development & Upgrading Policy encourages the creation of innovative designs in our pipeline and refining of production methodologies. This policy ensures that we remain ahead in our industry and respond to the needs of our customers. To ensure that our products meet the standards and specifications of our customers and regulatory requirements, we have adopted a quality management system based on international standards.

We also conduct stringent product quality checks and controls as guided by our Quality Plan EV-QP-001,002,003,004,005. This plan outlines the procedure of product inspections from its raw material to finished goods. The QA&QC Department reviews and implements quality management systems and conducts inspections of manufacturing equipment throughout the design and production process.



## SUSTAINABILITY STATEMENT

cont'd

 <p><b>Internal Non-Conformities</b> Maintained at 0.4%</p> <p>Target = &lt; 0.4%</p>	<p>The QA&amp;QC Department strives to further tighten inspection procedures and ensure that our high standards are maintained throughout the production process. Our efforts to reduce the possibility of fabrications errors, especially by new employees, include the Production Department providing training to all workers involved.</p>
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### CUSTOMER SATISFACTION

Our customers lie at the heart of our business. Ensuring their satisfaction is our unassailable drive and motive. PMBT's Customer Service Policy and Customer Complaint Management guidelines details the standard process to periodically gauge customer feedback and in addressing concerns or complaints.

QA&QC Department and Business Development units are tasked to review and validate complaints received, conduct root cause analysis, develop corrective and preventive action plans to resolve the issues, and carry out customer satisfaction surveys. Continuous and smooth communications with our customers is accomplished through the following customer engagement channels:

- corporate website to provide constant updates on products and services
- regular engagement sessions and site visits to gauge expectations
- a customer service hotline, dedicated email address and portal for customers to provide feedback and complaints



We conduct annual customer satisfaction surveys for our key customers as part of our efforts to not just meet the expectations of our customers but to exceed them. Our overall customer satisfaction rating increased from 75% to 80% this year because of shortened response time and on-time delivery. However, we received three (3) customer complaints regarding our products. These were due to human error, the need to improve our quality check procedures and machineries as well as range and load bearing quality. In response to this, we hired consultants and engineers to examine our designs and improve them.

# SUSTAINABILITY STATEMENT

cont'd

## BUSINESS DEVELOPMENT & STRATEGIC PARTNERSHIPS/COLLABORATION

Meaningful partnerships allow us to make continuous improvements in our proposition and output to manage resource and expertise with care, hence enabling business growth. Our Business Expansion Strategy, Global Exhibition Visits and International Market Sales Pipeline initiatives provide us the platform to expand domestically and in selective overseas markets, resulting in greater positive economic impact. We will continuously endeavor to diversify our business portfolio, acquire new plants and machinery, as well as participate in governmental consultations.

## CORPORATE GOVERNANCE & ETHICAL BEHAVIOUR

At PMBT, we are crucially aware that trust is a valuable commodity for any business. As such we strive to make decisions with our stakeholders in mind and to minimise unnecessary and excessive risks.

### Code of Conduct for Directors, Management & Employees

Articulates in detail, all aspects of PMBT's business operations such as human rights, environmental issues, corporate 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 to employees or other 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

In ensuring that all employees are accountable for their own actions, they are required to certify in writing that the Code of Conduct has been read and understood, in which individuals pledge to uphold PMBT's core values and principles and shall not engage in any corrupt or unethical practices. Non-compliance and failure to report non-compliance may lead to disciplinary actions. We are happy to report that we have no cases of non-compliance nor ethical breaches thus far.

Aside from the policies stated, we maintain our corporate governance, assess and manage risks related to regulatory compliance and ethical behaviour through multiple internal control systems such as our risk management framework and internal audit processes. Following the Group's guiding principles, we are currently making efforts to establish and improve our anti-corruption management by drafting an Anti-Corruption Policy in 2020. To ensure that we comply with local regulations, we have had trainings on Company Act, Income Tax, Sales & Service Tax ("SST"), International Organisation for Standardisation ("ISO") and Construction Industry Development Board ("CIDB").



*For further information on our policies, please refer to our corporate website.*

## SUSTAINABILITY STATEMENT

cont'd

### DATA PRIVACY & SECURITY

Data privacy has always been important, but as more of our information becomes digitised, and we share more information online, data security is taking on greater importance. The following are the Group's measures to mitigate information technology ("IT") risks:

	<ul style="list-style-type: none"> <li>➤ <b>Acceptable Information Technology Use Policy</b></li> <li>➤ <b>Software Usage Guidelines &amp; Policies</b></li> </ul> <ul style="list-style-type: none"> <li>➤ Establish parameters and define the acceptable level of the use of IT facilities while maintaining a level of consistency in procedures and regulations</li> <li>➤ Applicable to all employees and third-party personnel</li> <li>➤ Covers topics regarding general use and ownership, IT security and proprietary information, and unacceptable use</li> </ul>
	<p><b>Data Security Policy</b></p> <p>Aligned with the Malaysian Personal Data Protection Act ("PDPA") 2010 and ensures the privacy and security of data and information belonging to stakeholders</p>

The review of these policies and procedures are overseen by the Group's IT Department, including matters related to cyber risks, IT audits and IT trainings. Our IT audits and inspections are conducted by an outsourced internal audit team, in routine with other operation functions, to ensure existing practices are in compliance with PMBT's internal policies and procedures. During the reporting year however, no inspections were conducted on employees as the installation of our antivirus, malware, and web-filtering blocks the use of social network to reduce cyber-risk.

We have invested in the implementation of anti-virus software, increased storage of backup systems, usage of Uninterrupted Power Supply ("UPS") backup batteries, periodic hardware maintenance, new warranty protections, scheduled upgrade of obsolete hardware, and the installation of VMWare High Availability. Overall, we have invested in Enterprise Resource Planning ("ERP") systems, new servers, and maintenance. These infrastructures are to protect our systems from among others hacking and violation of control user permission. Our disaster recovery sites with real-time replication of critical servers are in the form of mirroring backup systems.

All new employees are subjected to mandatory training and IT awareness briefings related to the declaration of information security and PDPA notices to ensure statutory compliance. We strive to benchmark our IT systems to industry best practices and continuously upgrade internal security procedures and infrastructure to strengthen PMBT's defenses and improve resilience against cyber threats. There were no reported incidents or breaches in 2019.

# SUSTAINABILITY STATEMENT

cont'd



## THEME 2: DEVELOPING CAPABILITIES & OPPORTUNITIES

As a business in an ever-changing industry, PMBT ensures the health and safety of our employees and uphold strict standards at all our operating sites. We offer secure and attractive jobs for our employees and are concerned about their long-term prospects as we foster individual talents and potential. This approach not only supports our workforce but lays the foundation for our Group's success.

Sustainability Matters	Key Initiatives	Key Outcomes & Value Created
   <b>Fair Employment Practices</b>	<ul style="list-style-type: none"> <li>➤ Promotion of diversity and ensure equal opportunities</li> <li>➤ Group's annual Employee Engagement Surveys</li> </ul>	<ul style="list-style-type: none"> <li>➤ Youths in workforce increased by 10%</li> <li>➤ Exposure to the forefront of innovation and technology</li> <li>➤ Low turnover rates</li> <li>➤ Understand concerns and solve issues that may otherwise be overlooked</li> </ul>
 <b>Safe &amp; Conducive Workplace</b>	<ul style="list-style-type: none"> <li>➤ Commitment in providing safe and healthy working conditions and preventing work-related injuries to employees, contractors and visitors</li> <li>➤ Large investments in OSH training programmes</li> <li>➤ On-site first aid clinic</li> </ul>	<ul style="list-style-type: none"> <li>➤ Awareness and knowledge to properly manage OSH matters</li> </ul>
  <b>Human Capital Investment</b>	<ul style="list-style-type: none"> <li>➤ Varied selection of training programmes for employees at all levels</li> <li>➤ Increased investments in training programmes by 37%</li> <li>➤ Career opportunities for students</li> </ul>	<ul style="list-style-type: none"> <li>➤ More training hours to meet employees' needs and ability to meet the tasks at hand</li> <li>➤ Employees with the right expertise and capabilities</li> </ul>

### FAIR EMPLOYMENT PRACTICES

PMBT is aware of our responsibility to promote diversity and ensure equal opportunities for all. Our commitment is outlined in our ISO Human Resource Policy which covers all aspects of business operations including human rights, integrity and professionalism. We uphold fair practices by treating employees with dignity and respect in the workplace, creating a safe and harmonious work environment, and not engaging in any form of discrimination such as child labour, unfair wages, illegal workers and sexual harassment. In line with our Group's ethical practices, we strive to:

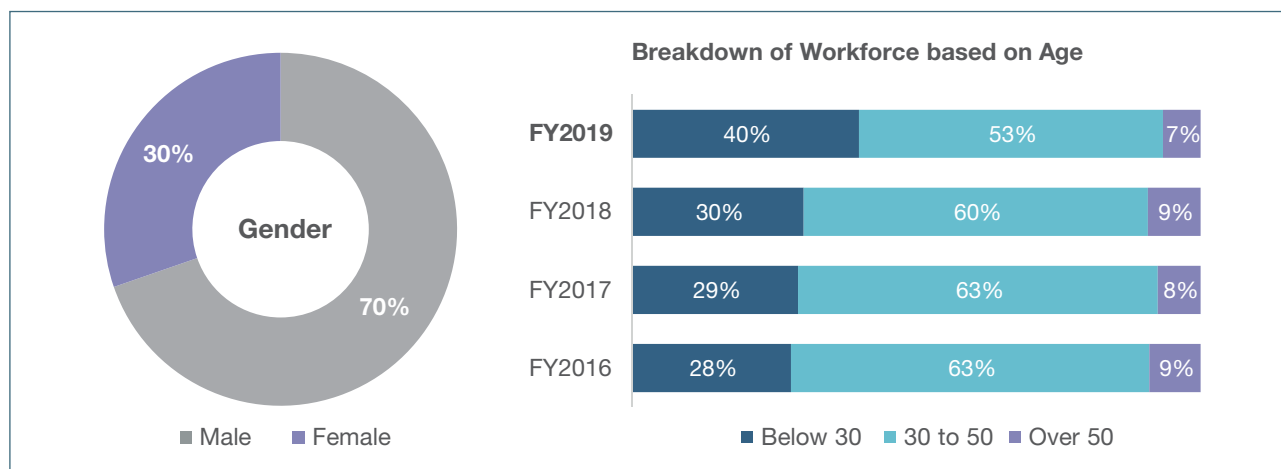
- Ensure indiscriminate employment – we have in place a hiring process that supports honest and impartial decisions, including ensuring documented and objective assessments with proper justifications for recruitment
- Guarantee fair remuneration packages – offered based on performance, knowledge and experience, and are compliant with regulatory requirements on minimum wages

## SUSTAINABILITY STATEMENT

cont'd

 <p>Promote the representation of women in the workforce, in particular the Management and Senior Management positions</p>	<p>Promote local hiring of local talents, in the areas where PMBT is operating</p> 
 <p>Promote the hiring of People With Disability ("PWD")</p>	<p>Prohibition of child labour and illegal workers</p> 
 <p>Provide clear and adequate career advancement opportunities and prioritise internal selection (instead of lateral hiring) for vacant positions, in particular managerial positions</p>	

We conduct annual performance appraisals for all our employees prior to their annual salary review. This platform provides us an efficient way of evaluating job performance and ensuring a link to our corporate goals and objectives. We encourage a two-way communication where employees can freely express their expectations and opinions with Heads of Departments ("HOD").

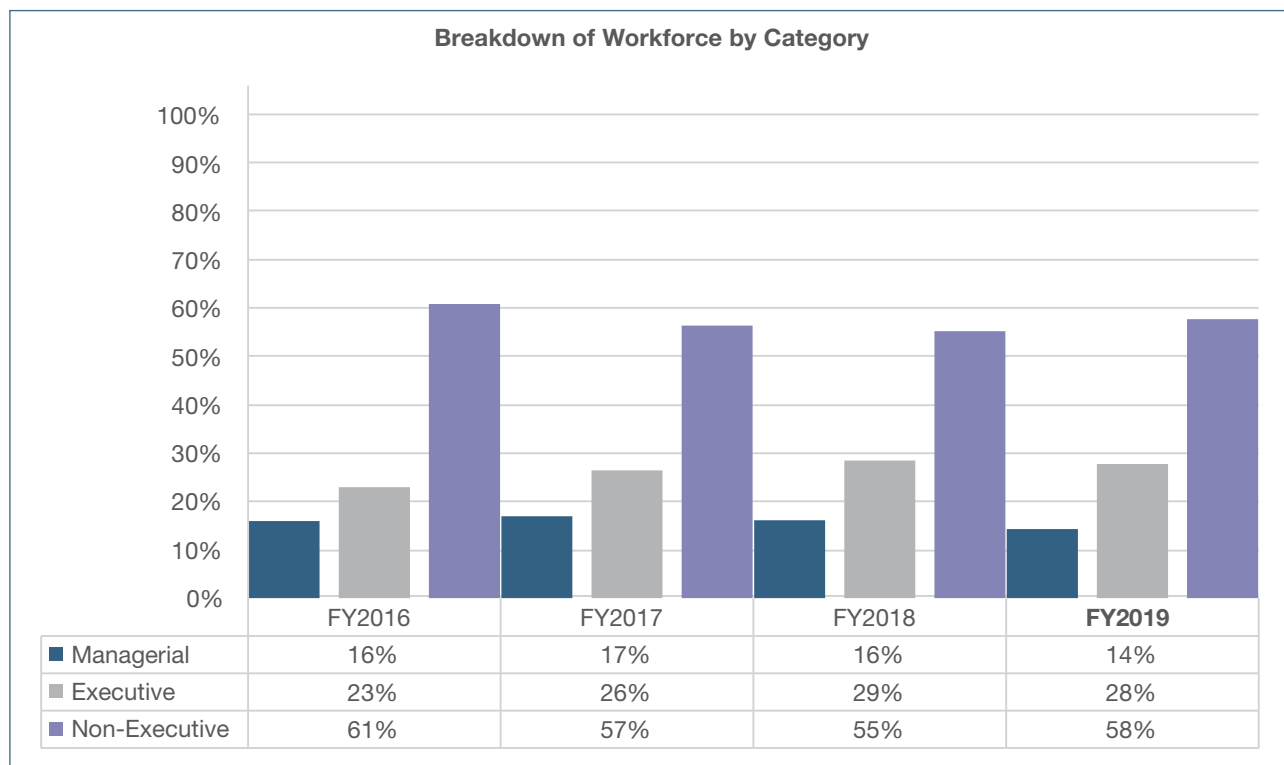


At PMBT, we acknowledge that the manufacturing industry is predominately made up of more men than women and that this trend has remained throughout the years. However, we continuously promote diversity within the Group through the balance of expertise, gender, skills and age. In 2019, the number of youths in our workforce increased by 10%. This exposes us to the forefront of our evolving world of innovation and technology, contributing to our ability to produce distinct and diversified product offerings. We have also seen a significant increase in the number of new hires for the executive and non-executive position. This is primarily due to the demand from the commencement of work at our silicon plant.



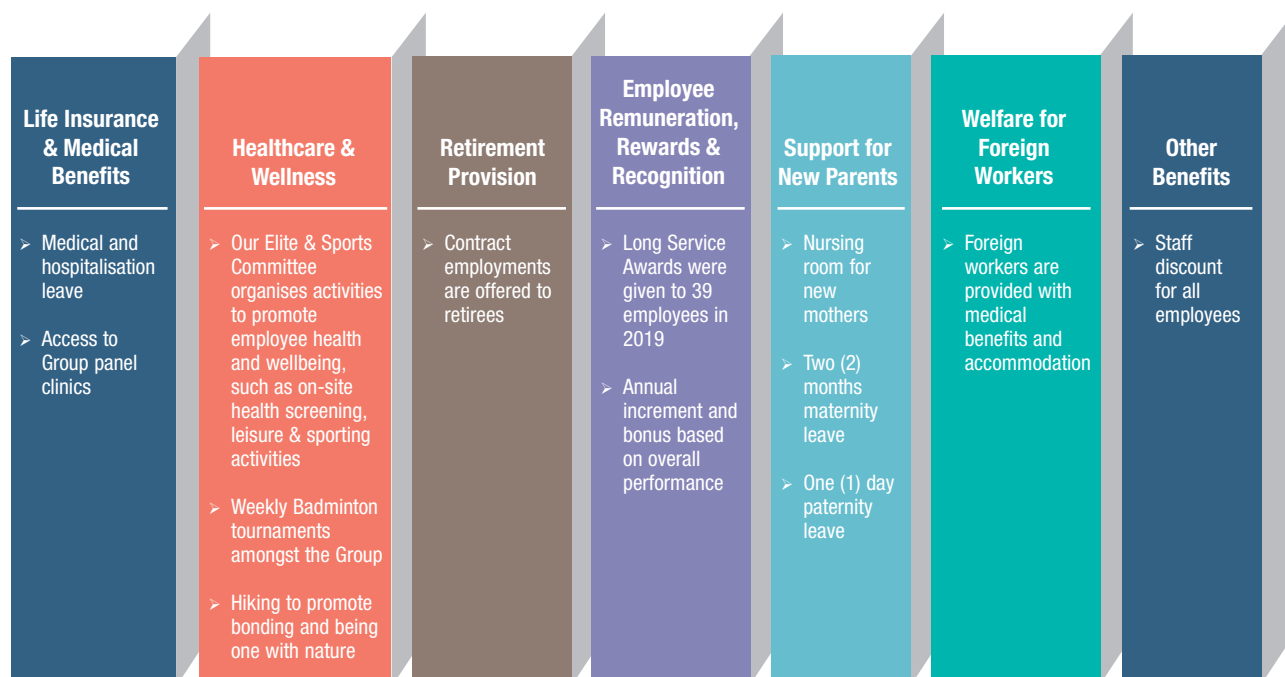
## SUSTAINABILITY STATEMENT

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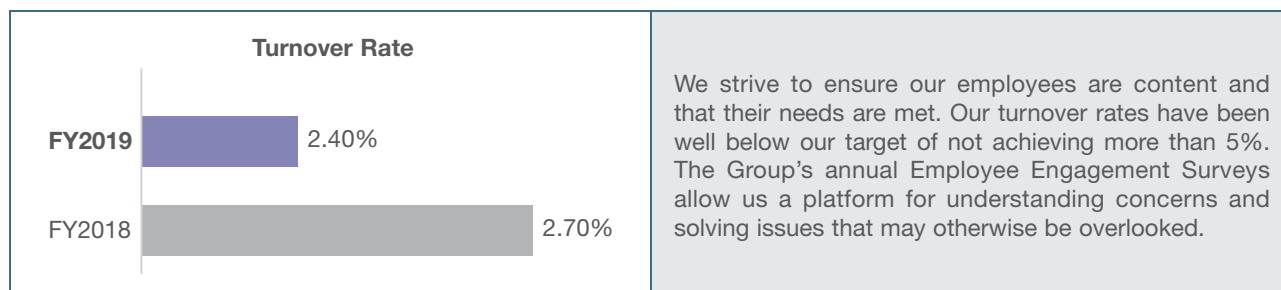
*Note: PMBT has regrouped the workforce categories into Managerial, Executive and Non-Executives*

As an organisation concerned about the wellbeing of our employees, we strive to ensure that all who work with us are cared for and appreciated. We have a high regard for our employees' loyal service and dedication. Hence, recognition is given to employees for every five years of service with a gold pendant presented to each of them at the Group's annual dinner. The presentation of awards has become an important part in contributing to staff motivation and morale. We hold regular town hall meetings and have put in place grievances handling platforms to encourage communication among all levels of employees and facilitate the resolution of employees' issues.



## SUSTAINABILITY STATEMENT

cont'd



### SAFE & CONDUCTIVE WORKPLACE

While governments across the world provide training and grants to ensure workplace safety, the increasing numbers of low-income and contingent workers present new challenges to occupational health and safety. However, PMBT aims to ensure comprehensive prevention strategies are implemented throughout the Group by equipping our employees with ways to eliminate danger.

PMB Silicon's Occupational Safety & Health ("OSH") Policy demonstrates our commitment in providing safe and healthy working conditions and preventing work-related injuries to employees, contractors and visitors. Our Occupational Safety and Health Management Representative ("OSH MR"), OSH Committee and our Management are responsible for these OSH activities in line with the Group's objectives and ISO 45001 standards.

At Everlast Access Technologies, we ensure applicable legal and relevant requirements are complied with as we strive for continual improvement to meet our target of having zero major accidents annually. Our Environmental, Health and Safety ("ESH") Committee provides progress updates on any OSH initiatives to Management monthly. We have invested more than a million ringgit in personal protection equipment and training programmes.

Training Programme	Description	Frequency	Participation Rate	Employee Category
Safety Briefings	To ensure proper use of 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 only
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"> <li>➤ Identify areas and machineries that produce excessive noise levels</li> <li>➤ Evaluate and recognise employees' exposure to noise levels</li> </ul>	Annually	100%	Factory Workers

## SUSTAINABILITY STATEMENT

cont'd

Training Programme	Description	Frequency	Participation Rate	Employee Category
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
First Aid & CPR Training	<ul style="list-style-type: none"> <li>➤ Awareness on necessary actions to be taken during an emergency</li> <li>➤ Basic first aid to act as responder</li> </ul>	When required (refreshers every 2 years)	100%	Production Supervisors/ Key Leader
Fire Fighting Training	<ul style="list-style-type: none"> <li>➤ Identify fire and explosion risks in production/working areas by understanding Active Fire Systems in the manufacturing plant</li> <li>➤ Introduction to the use of Portable Fire Extinguishers</li> </ul>	When required (refreshers every 2 years)	100%	Production Supervisors/ Key Leader
OSH Awareness	Awareness on the importance of OSH requirements and issues	When required	100%	HOD/Key Leaders

We started holistically monitoring and recording our OSH incident rate for PMB Silicon in FY2019 as production only began early in the year. In response to a number of first aid cases in the initial few months, we set up a clinic to treat minor injuries. During this time, PMBT's Management had recruited new safety personnel to aid in the briefing of safety protocols and monitoring of incident rates.

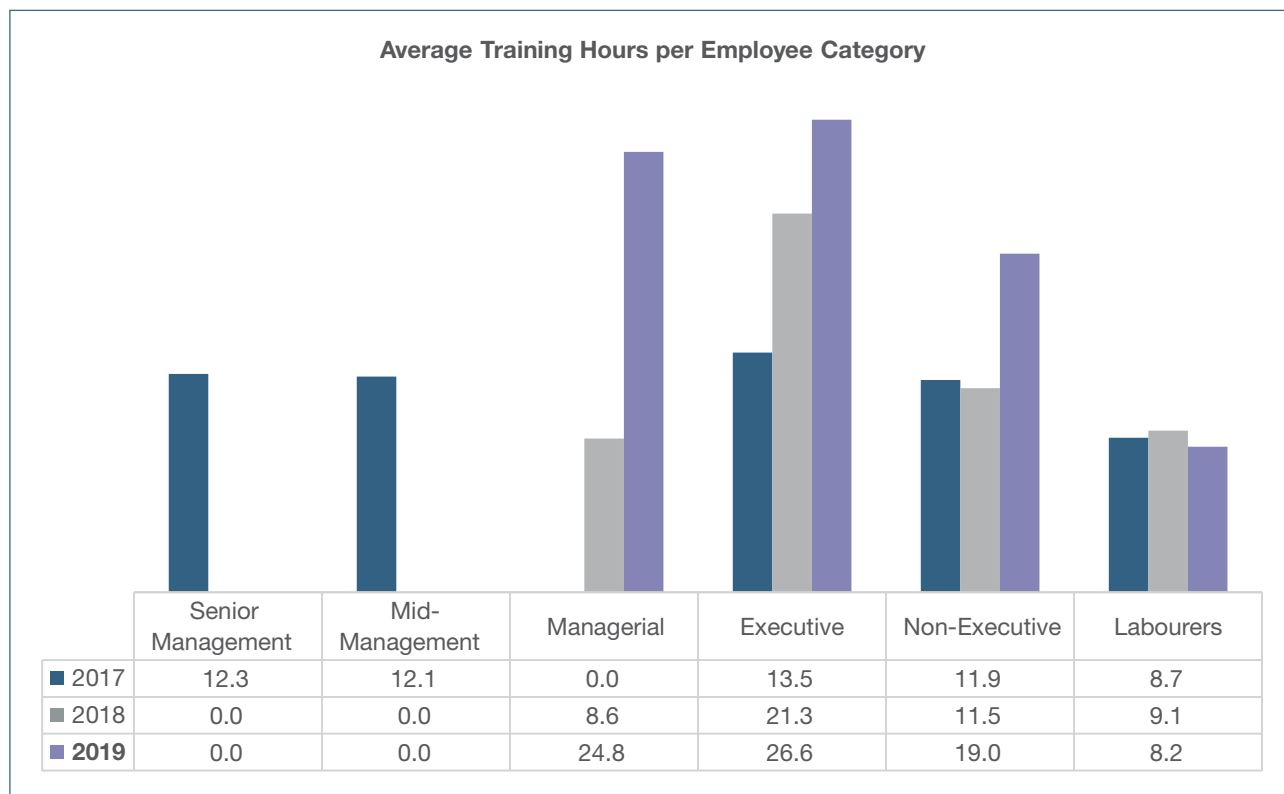
This reporting year, we invested half a million ringgit in technological solutions to enhance operational efficiency through robotic welding which completely automates the process. Thus, minimising the possibility of occupational injuries and product rejection rates.

### HUMAN CAPITAL INVESTMENT

PMBT ensures long-term employee development by seeking potential, nurturing talent and ensuring employability. Our success is founded on the dedication and technical expertise of our employees. In our ISO 9001:2015 Training Policy, our commitment to human capital development is articulated. This policy is supported by our Training Management System which establishes that training must be provided for career enhancement.

## SUSTAINABILITY STATEMENT

cont'd



*Note: PMBT has regrouped the workforce categories into Managerial, Executive and Non-Executives*

Each year, we provide a varied selection of training programmes for our employees at all levels. This year, on a broad spectrum, we have increased our investments by 51% from RM37,000 to RM56,000, enabling our employees to receive more training hours as compared to FY2018. Through our annual Training Needs Analysis, we discovered that our employees were found to be more focused on the technical aspects of their work in production, processing and engineering. Results of the analysis are submitted by HODs annually and identified potential candidates will be sent for the relevant trainings.

Training Programme	Key Areas Covered	Frequency	Employee Category	Type of Training
<b>Technical Training</b>				
Certified Solidworks Professional Test	Skills enhancement training for engineers	Biennial	Executives & above	External
Gas Metal Arc Welding	Provides a general overview of welding	Triennial	Supervisors & Workers	External
Basic Knowledge of Hydraulics	Understanding the function and structure of hydraulic systems	When required	Executives & Manager	External
Certified Environmental Professional in Scheduled Waste Management	Training personnel who are involved in managing scheduled wastes	When required	Managers	External

## SUSTAINABILITY STATEMENT

cont'd

Training Programme	Key Areas Covered	Frequency	Employee Category	Type of Training
<b>Technical Training</b>				
Course for Certified Environmental Professional in Bag Filter Operations	Ensuring compliance to Environmental Quality (Clean Air) Regulation 2014, specifically to operate and supervise bag filter operations as per required	When required	Executives	External
Radiation Protection Officer	Intended for candidates who wish to take the Atomic Energy Licensing Board Radiation Protection Officer (AELB RPO) Examination to qualify as a Radiation Protection Officer	When required	Executives	External
<b>Soft Skills Training</b>				
Understanding the practices of Employment Act 1955	Provides general info on the Employment Act 1955	Biennial	Executives	External
Budget 2020 Income Tax	Provides general information for budget 2020	Annually	Managers	External
ISO 9001:2015 Awareness	Provides general information for ISO 9001:2015	As required	Executives & above	External
Managing Employee Misconduct & Non-performance Workshop	Provides information on of how to handle misconduct and non-performing employees	Triennial	Executives	External
<b>Other Trainings</b>				
Induction training	New joiners are introduced to the Group's culture, management systems, products, etc.	New hires	All Levels	Internal
On Job Training	Orientation Program to brief on Group operations	New hires/ when needed	All Levels	Internal

Long term careers are appreciated and valued at PMBT. We support our employees in this regard through succession planning. The Nomination Committee is entrusted to effectively discharge responsibilities in identifying and assessing potential candidates with assistance of the CEO, to determine if potential successors for executive management level have enough experience and are the right fit for the Company.

As part of our initiative to ensure career developments within PMBT, we provide development programmes for junior and mid-management which includes inter-departmental transfers and job rotations to encourage transfer of technical knowledge. Our efforts to ensure a highly competent team does not end within the Group. This year we offered two students the opportunity to apply classroom theories to "real-world" situations within our operations.







# SUSTAINABILITY STATEMENT

cont'd



## THEME 3: DRIVING CORPORATE RESPONSIBILITY

Our business is highly dependent upon our natural resources. It is therefore our responsibility to ensure that our environmental impact is kept at a minimal. We are guided by our Sustainability Policy as we manage and mitigate our externalities. It outlines our environmental management process, which includes monitoring and reporting of emissions and resource consumption.

Sustainability Matters	Key Initiatives	Key Outcomes & value Created
   <b>Environmental Management</b>	<ul style="list-style-type: none"> <li>➤ Regular maintenance of trucks, plants and machineries, and prearranged logistics planning</li> <li>➤ Installation of ventilation systems</li> <li>➤ Replacement to LED lighting, transparent roof sheets, installation of new and energy efficient equipment and machinery and motion sensors</li> <li>➤ Site audits and audiometric tests</li> <li>➤ Investment in recycling machinery and an Off-Gas System</li> <li>➤ Buyback option for aluminium formworks</li> </ul>	<ul style="list-style-type: none"> <li>➤ Reduced GHG emissions</li> <li>➤ Reduced dust dispersion</li> <li>➤ Energy conservation</li> <li>➤ Ensures noise levels are within acceptable limits</li> <li>➤ Reduced waste through recycling initiatives</li> </ul>
 <b>Community Development</b>	<ul style="list-style-type: none"> <li>➤ Annual monetary contribution to several campaigns</li> </ul>	<ul style="list-style-type: none"> <li>➤ Contribution to community development and progress</li> </ul>

### ENVIRONMENTAL MANAGEMENT

Our environmental focus areas are overseen by our ESH committee. They implement, monitor and ensure the reporting of all PMBT's environmental related initiatives. The ESH committee has also been tasked with carrying out regular audits and inspections to ensure the smooth running and compliance of our operations. An update is reported to Management on a quarterly basis.

We are planning to implement an ISO 14001:2015 Environmental Management System ("EMS") in 2020 to provide us with the elements of an effective way to protect the environment and respond to changing conditions in balance with socio-economic needs. It is important to note that most of our indicators were only measured in FY2019. We also intend to include more monitoring matrices for the Group in the future.

Based on the Group's announcement on Bursa Malaysia, PMB Silicon executed an Amended and Restated Power Purchase Agreement ("PPA") with Syarikat SESCO Berhad, a wholly owned subsidiary of Sarawak Energy Berhad, to provide an additional supply of electricity for our metallic silicon facility located in Samalaju Industrial Park, Sarawak. The facility has an expected annual production capacity of 72,000 metric tonnes with the first phase of nominal electrical load of 54MW, fully drawn by 31 December 2019, and the second phase of nominal electrical load of 50MW expected to be fully drawn by 31 December 2020. The PPA is commercially confidential in nature.

# SUSTAINABILITY STATEMENT

cont'd





## Air Emissions

An awareness from society and business about the need for a significant reduction in global greenhouse gas emissions grows steadily each day. At PMBT, we strive to do our part in this regard. We understand transportation and manufacturing are primary sources of Greenhouse Gas (“GHG”) emissions thus we ensure regular maintenance of trucks, plants and machineries, and prearranged logistics planning. Another initiative to mitigate high levels of GHG is the installation of ventilation systems coupled with filtering systems and dedusters and water browsers to reduce dust dispersion at operating sites.

## Energy Consumption

Energy is a resource that is fundamental to the functioning of our operations. However, we are also cognisant of our consumption levels. We monitor our energy consumption through monthly electricity bills to ensure we remain within designated limits. It also allows for a more accurate record of our energy consumption, identify failures in our network and optimise operational expenses. Energy consumption at sites are recorded at three (3)-hour intervals and reported to the ESH committee.

Our total electricity consumption for PMB Silicon is monitored monthly, however we are unable to disclose the actual usage as it is confidential due to the nature of our operations. Moving forward, with the implementation of our EMS, electricity consumption will be monitored and managed throughout the Group. Below are several efforts to reduce our energy consumption:

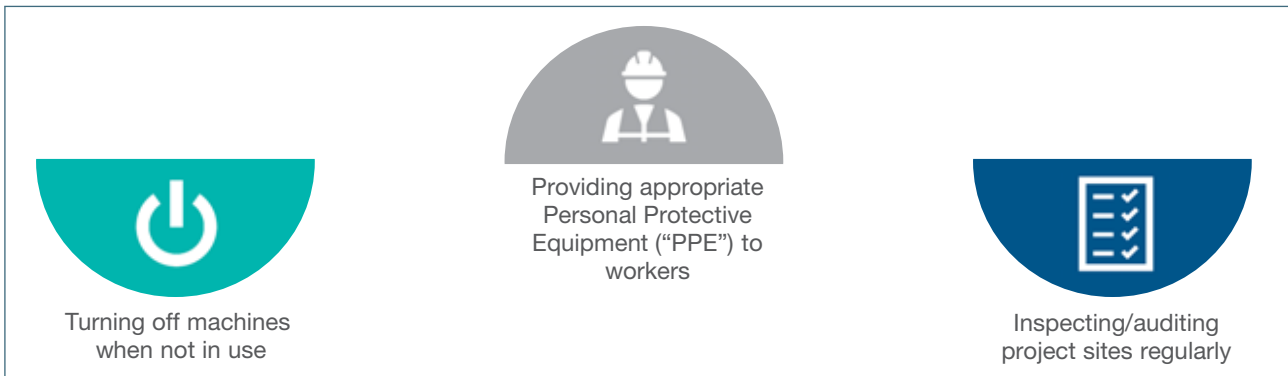
	Place transparent roof sheets to allow natural light for a brighter working environment during the day		Installation of motion sensors and timers to automatically switch on/off lighting
We switched to LED lighting tubes which consumes 80-90% less energy than conventional light bulbs which is expected to reduce GHG emissions		Installation of new & energy efficient equipment and machinery, replacing and upgrade old equipment	

## SUSTAINABILITY STATEMENT

cont'd

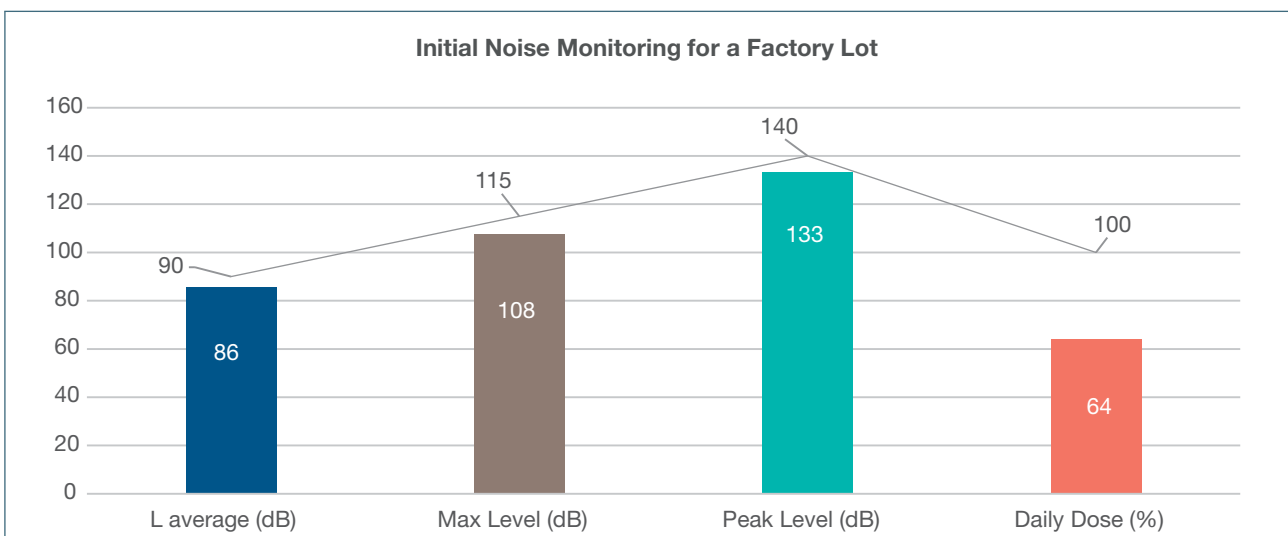
### Noise Pollution

Noise pollution is an externality ubiquitous with our industry. As such, the management of this externality is very important to us. We ensure that we are compliant to all local regulations regarding noise pollution. Our noise readings are reported to Management by the EHS committee monthly and these results are promptly reported to the Department of Safety and Health ("DOSH"). Some of our initiatives include:



Audiometric tests are conducted to ensure this externality is within the stipulated permissible exposure limits allowed by DOSH. Below are readings from the initial noise monitoring:

Initial Noise Monitoring (for PMB Silicon) in 2019				
Monitoring Frequency	Sampling Time	Average Compliance Limit (dB(A))	Average EMP Baseline (dB(A))	Average for Quarter 3 & 4 (dB(A))
Quarterly	Day	70	55	61
	Night	60	49	57



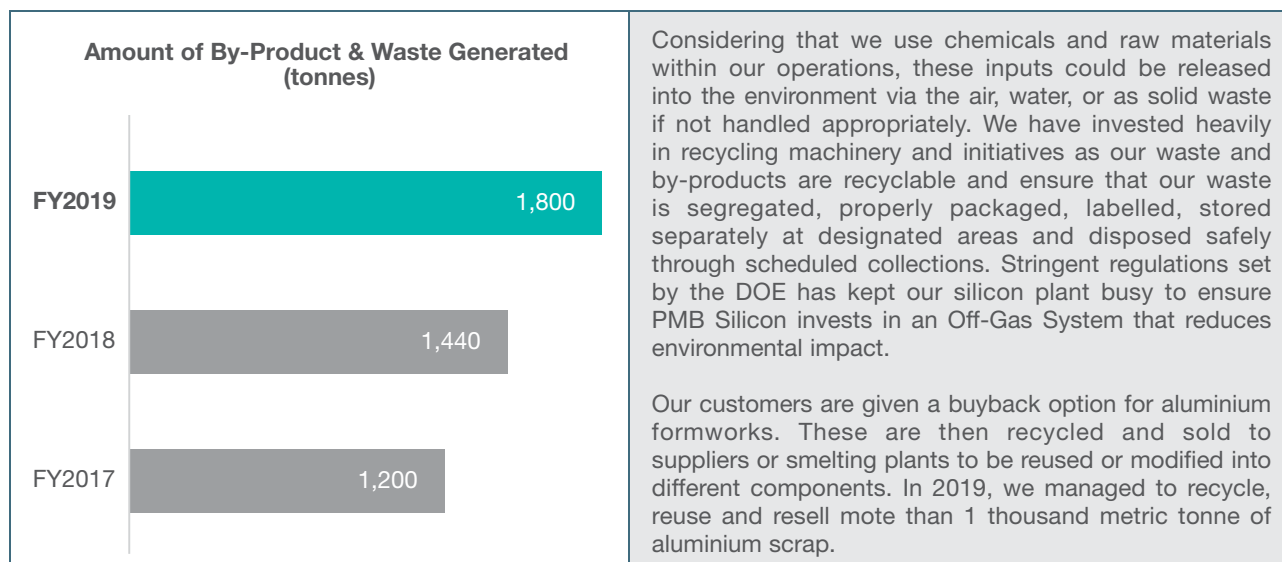
Note:

- The figures disclosed are from FY2018 as monitoring could not be conducted for FY2019
- Permissible Exposure Limits:
  - Not exceeding 90dB (A) in 8 hours for Lavg
  - Not exceeding 115 dB (A) at any time for Max Level
  - Not exceeding 140 dB (A) for Peak Noise Level
  - Not exceeding 100% for Daily Dose

## SUSTAINABILITY STATEMENT

cont'd

### Waste Management



Note: The increase in production is due to the rise in demand

### Water Management

The water shortage issue in Malaysia is a huge concern in the industry. The nation is heading towards a water crisis due to increasing demand, unmatched water supply, lack of river basin management and growing population. PMBT strives to manage and monitor our water consumption effectively by ensuring that there are adequate initiatives in place to enable continuous operation given the risk of water crises.

Water consumption at PMBT is monitored on a monthly basis through bills at our operating sites. Similarly, to electricity consumption, we monitor water usage at PMB Silicon on a monthly basis. We do intend to implement water monitoring initiatives.

## COMMUNITY DEVELOPMENT

As a responsible corporate citizen, PMBT is aware of the need to contribute to the development and progress of the community it is in. In 2019, we contributed to several campaigns such as donations to orphanage houses, gotong-royong activities at factory areas to create clean and harmonious environments. Each year we support the annual blood donation campaign, in collaboration with Pusat Darah Negara and support old folks homes to fulfil their daily needs.

In April 2019, we had a career talk and recruitment drive in Politeknik Kuching, Sarawak connect with potential candidates and share our culture.



## 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 page 20 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

### INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK 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"> <li>• SIRIM BS 2037:1994 on portable aluminium ladder</li> <li>• SIRIM BS EN 1004:2004 on prefabricated mobile access and working tower</li> <li>• SIRIM BS EN 131-2:1993 portable aluminum ladder</li> <li>• SIRIM BS EN 131-2:1993 on portable fiberglass ladder</li> <li>• SIRIM BS EN 131-7:2013 on mobile ladders with platform</li> <li>• ISO 9001:2015 on Quality Management System</li> </ul>
PMB Façade Technology Sdn. Bhd.	<ul style="list-style-type: none"> <li>• ISO 9001:2015 on Quality Management System</li> </ul>
PMB Silicon Sdn. Bhd.	<ul style="list-style-type: none"> <li>• ISO 9001:2015 on Quality Management System</li> </ul>
- 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 and 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

### INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK 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 2019, 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 aspects 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 2019

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 2019.

#### 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	27,771	14,919

#### 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 dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 December 2018 as reported in the Directors' Report of that year:
  - a second interim ordinary dividend of 1 sen per ordinary share totalling RM1,565,742 declared on 26 February 2019 and paid on 18 April 2019.
- ii) In respect of the financial year ended 31 December 2019:
  - a first interim ordinary dividend of 1 sen per ordinary share totalling RM2,045,552 declared on 20 August 2019 and paid on 2 October 2019; and
  - a second interim ordinary dividend of 1 sen per ordinary share totalling RM2,046,302 declared on 28 November 2019 and paid on 15 January 2020.

Subsequent to the financial year end, the Directors declared a special ordinary dividend of 1.5 sen per ordinary share totalling RM3,071,269 in respect of the financial year ended 31 December 2019, which was paid on 16 April 2020. The Directors do not recommend any final dividend to be paid for the financial year under review.

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

*cont'd*

#### 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

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 1.1.2019	Private Placement <sup>®</sup>	Sold	At 31.12.2019
<b>Interest in the Company:</b>				
Tan Sri Dato' Koon Poh Keong	2,182,000	4,040,500	-	6,222,500
Koon Poh Ming				
– own	60,000	4,040,500	-	4,100,500
– spouse *	11,812,230	-	-	11,812,230
– child *	15,000,000	-	-	15,000,000
Dato' Koon Poh Tat	6,910,000	4,040,500	-	10,950,500
Koon Poh Weng	20,000	4,040,500	-	4,060,500
– child &	10,000	-	-	10,000
Ernest Bong Miao Fatt	96,000	-	-	96,000
<b>Deemed interest in the Company:</b>				
Tan Sri Dato' Koon Poh Keong <sup>^</sup>	42,951,916	-	-	42,951,916
Koon Poh Ming <sup>#</sup>	13,594,576	-	-	13,594,576
Dato' Koon Poh Tat <sup>#</sup>	13,594,576	-	-	13,594,576
Koon Poh Weng <sup>#</sup>	13,594,576	-	-	13,594,576



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2019

*cont'd*

### DIRECTORS' INTERESTS IN SHARES *cont'd*

	At 1.1.2019	Bought	Sold	At 31.12.2019
<b>Number of irredeemable convertible unsecured loan stocks ("ICULS")</b>				
<b>Interest in the Company:</b>				
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
- child *	8,461,000	-	-	8,461,000
Dato' Koon Poh Tat	3,455,000	-	-	3,455,000
Koon Poh Weng	10,000	-	-	10,000
- child &	5,000	-	-	5,000
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

	At 1.1.2019	Granted	Exercised	At 31.12.2019
<b>Number of warrants</b>				
<b>Interest in the Company:</b>				
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
- child *	4,230,500	-	-	4,230,500
Dato' Koon Poh Tat	1,727,500	-	-	1,727,500
Koon Poh Weng	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 2019

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 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.*
- @ *On 24 July 2019, Private Placement II shares were subscribed at the issue price of RM3.11 per ordinary share. The new ordinary shares issued shall rank pari passu in all respect with the existing shares of the Company.*

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 2019 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 31 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 161,614,550 ordinary shares to 209,670,550 ordinary shares by way of:

- i) the issuance of 15,650,000 placement I new ordinary shares;
- ii) the issuance of 32,324,000 placement II new ordinary shares; and
- iii) the issuance of 82,000 new ordinary shares pursuant to the conversion of 82,000 units of ICULS.

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.

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

*cont'd*

#### **TREASURY SHARES**

There were no repurchase of treasury shares during the financial year. As at 31 December 2019, the Company held 5,040,400 (2018: 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 previous financial year. Salient features of the Warrants are disclosed in Noted 14 to the financial statements.

#### **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 RM8,500 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.

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

*cont'd*

#### **OTHER STATUTORY INFORMATION** cont'd

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, other than the disposal of some subsidiaries as disclosed in Note 22 and 33, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 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**

The significant events are disclosed in Note 33 to the financial statements.

#### **SUBSEQUENT EVENTS**

The significant events are disclosed in Note 34 to the financial statements.

#### **AUDITORS**

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

The auditors' remuneration is disclosed in Note 23 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: 13 May 2020

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Assets</b>					
Property, plant and equipment	3	701,352	424,546	3	1
Goodwill	4	792	792	-	-
Investment properties	5	4,674	1,186	-	-
Investments in subsidiaries	6	-	-	248,790	119,990
Investment in an associate	7	-	-	-	-
Deferred tax assets	8	4,805	5,538	4,805	5,500
Derivatives financial assets	9	4,769	-	-	-
<b>Total non-current assets</b>		<b>716,392</b>	<b>432,062</b>	<b>253,598</b>	<b>125,491</b>
Inventories	10	151,852	110,810	-	-
Contract assets	11	24,901	34,091	-	-
Current tax assets		995	3,312	45	94
Trade and other receivables	12	161,845	137,350	199,826	141,903
Derivatives financial assets	9	1,391	-	-	-
Cash and cash equivalents	13	80,383	58,186	2,035	331
<b>Total current assets</b>		<b>421,367</b>	<b>343,749</b>	<b>201,906</b>	<b>142,328</b>
<b>Total assets</b>		<b>1,137,759</b>	<b>775,811</b>	<b>455,504</b>	<b>267,819</b>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

cont'd

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Equity</b>					
Share capital		200,633	51,365	200,633	51,365
Translation reserve		3,811	3,999	-	-
Treasury shares		(2,220)	(2,220)	(2,220)	(2,220)
ICULS equity		155,434	155,602	155,434	155,602
Warrants reserve		33,921	33,921	33,921	33,921
Hedging reserve		6,160	-	-	-
Retained earnings		137,094	115,016	9,715	489
<b>Equity attributable to owners of the Company</b>	14	534,833	357,683	397,483	239,157
<b>Non-controlling interests</b>		-	-	-	-
<b>Total equity</b>		534,833	357,683	397,483	239,157
<b>Liabilities</b>					
ICULS liabilities	14	21,353	24,555	21,353	24,555
Loans and borrowings	15	237,088	100,171	-	-
Lease liabilities		4,658	-	-	-
Deferred tax liabilities	8	7,830	7,148	-	-
<b>Total non-current liabilities</b>		270,929	131,874	21,353	24,555
Loans and borrowings	15	164,632	144,520	-	-
Lease liabilities		7,536	-	-	-
Trade and other payables	16	149,601	134,638	36,668	4,107
Contract liabilities	11	9,280	6,221	-	-
Current tax liabilities		948	875	-	-
<b>Total current liabilities</b>		331,997	286,254	36,668	4,107
<b>Total liabilities</b>		602,926	418,128	58,021	28,662
<b>Total equity and liabilities</b>		1,137,759	775,811	455,504	267,819

The notes on pages 97 to 166 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Continuing operations</b>					
Revenue	17	399,746	285,526	11,790	5,889
Cost of sales	18	(318,020)	(218,177)	-	-
<b>Gross profit</b>		<b>81,726</b>	<b>67,349</b>	<b>11,790</b>	<b>5,889</b>
Other income		1,272	496	1,004	-
Distribution expenses		(3,469)	(2,585)	-	-
Administrative expenses		(27,997)	(28,156)	(2,200)	(1,351)
Net loss on impairment of financial instruments and contract assets		-	(161)	-	-
Other expenses		(21,963)	(20,843)	(1,132)	(1,532)
<b>Results from operating activities</b>		<b>29,569</b>	<b>16,100</b>	<b>9,462</b>	<b>3,006</b>
Finance income	19	2,550	220	8,105	3,353
Finance costs	20	(11,722)	(5,573)	(1,959)	(3,144)
<b>Net finance (costs)/income</b>		<b>(9,172)</b>	<b>(5,353)</b>	<b>6,146</b>	<b>209</b>
<b>Profit before tax</b>		<b>20,397</b>	<b>10,747</b>	<b>15,608</b>	<b>3,215</b>
Tax expense	21	(5,551)	(3,894)	(689)	(8)
<b>Profit from continuing operations</b>		<b>14,846</b>	<b>6,853</b>	<b>14,919</b>	<b>3,207</b>
<b>Discontinued operation</b>					
Profit from discontinued operation, net of tax	22	12,925	2,466	-	-
<b>Profit for the year</b>	23	<b>27,771</b>	<b>9,319</b>	<b>14,919</b>	<b>3,207</b>
<b>Other comprehensive income/(expense), net of tax</b>					
<b>Item that is or may be reclassified subsequently to profit or loss</b>					
Cash flow hedge		6,160	-	-	-
Foreign currency translation differences for foreign operations		(188)	672	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>5,972</b>	<b>672</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>33,743</b>	<b>9,991</b>	<b>14,919</b>	<b>3,207</b>

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		27,771	9,319	14,919	3,207
Non-controlling interests		-	-	-	-
<b>Profit for the year</b>		<b>27,771</b>	<b>9,319</b>	<b>14,919</b>	<b>3,207</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		33,743	9,991	14,919	3,207
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>33,743</b>	<b>9,991</b>	<b>14,919</b>	<b>3,207</b>
<b>Basic earnings per ordinary share (sen)</b>					
From continuing operations		7.26	4.38		
From discontinued operations		6.32	1.57		
	24	<b>13.58</b>	<b>5.95</b>		
<b>Diluted earnings per ordinary share (sen)</b>					
From continuing operations		5.26	3.47		
From discontinued operations		4.58	1.25		
	24	<b>9.84</b>	<b>4.72</b>		

The notes on pages 97 to 166 are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

cont'd

		Attributable to owners of the Group		Distributable		Non-distributable		Distributable		Non-controlling interests		Total equity	

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Attributable to owners of the Group								
Company	Note	Non-distributable				Distributable		
		Share capital	Share premium	Treasury shares	ICULS equity	Warrants reserve	Retained earnings	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2018</b>								
Profit and total comprehensive income for the year		46,941	-	(2,220)	-	-	329	45,050
Dividends to owners of the Company	25	-	-	-	-	-	3,207	3,207
Issuance of ICULS	14	-	-	-	-	-	(2,340)	(2,340)
Conversion of ICULS	14	4,424	-	-	158,913	33,921	-	192,834
					(3,311)	-	(707)	406
<b>At 31 December 2018/1 January 2019</b>								
Profit and total comprehensive income for the year		51,365	-	(2,220)	155,602	33,921	489	239,157
Dividends to owners of the Company	25	-	-	-	-	-	14,919	14,919
Issue of ordinary shares	14	149,043	-	-	-	-	(5,657)	(5,657)
Conversion of ICULS	14	225	-	-	-	-	-	149,043
					(168)	-	(36)	21
<b>At 31 December 2019</b>								
		200,633	-	(2,220)	155,434	33,921	9,715	397,483
		Note 14	Note 14	Note 14	Note 14	Note 14	Note 14	

The notes on pages 97 to 166 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax from:					
Continuing operations		20,397	10,747	15,608	3,215
Discontinued operation	22	14,030	3,390	-	-
		34,427	14,137	15,608	3,215
<i>Adjustments for:</i>					
Depreciation of investment properties	5	32	30	-	-
Depreciation of property, plant and equipment	3	25,096	13,918	-	-
Dividend income	17	-	-	(11,000)	(5,099)
Finance costs	20	13,949	7,729	1,959	3,144
Finance income	19	(2,610)	(267)	(8,105)	(3,353)
Inventories written off		472	-	-	-
Net gain on disposal of subsidiaries	22	(9,956)	-	(1,004)	-
Net gain on disposal of property, plant and equipment		(183)	(91)	-	-
Property, plant and equipment written off		2	17	-	-
Net impairment loss on financial assets		-	161	-	-
Unrealised foreign exchange (gain)/loss		(804)	128	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>60,425</b>	<b>35,762</b>	<b>(2,542)</b>	<b>(2,093)</b>
Change in inventories		(65,123)	(65,750)	-	-
Change in trade and other payables		51,144	19,357	(2,002)	3,077
Change in trade and other receivables		(92,744)	69,056	389	(389)
Change in contract assets		9,190	(34,091)	-	-
Change in contract liabilities		3,059	6,221	-	-
<b>Cash generated (used in)/from operations</b>		<b>(34,049)</b>	<b>30,555</b>	<b>(4,155)</b>	<b>595</b>
Tax paid		(5,852)	(5,463)	(49)	(48)
Tax refunded		3,308	374	98	-
<b>Net cash (used in)/from operating activities</b>		<b>(36,593)</b>	<b>25,466</b>	<b>(4,106)</b>	<b>547</b>



# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019  
cont'd

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(i)	(295,315)	(303,360)	(2)	-
Acquisition of right-of-use assets	(ii)	(214)	-	-	-
Acquisition of investment properties	5	(3,520)	-	-	-
Dividends received from subsidiaries		-	-	11,000	5,099
Increase in investment in subsidiaries		-	-	(129,000)	(77,000)
Interest received		515	267	3,242	3,353
Disposal of discontinued operation					
- Proceeds from disposal, net of cash and cash equivalents disposed of	22, 6	33,967	-	1,204	-
Proceeds from disposal of property, plant and equipment		933	320	-	-
<b>Net cash used in investing activities</b>		<b>(263,634)</b>	<b>(302,773)</b>	<b>(113,556)</b>	<b>(68,548)</b>
<b>Cash flows from financing activities</b>					
Advances to subsidiaries		-	-	(53,449)	(128,281)
Dividends paid to owners of the Company	25	(3,611)	(2,340)	(3,611)	(2,340)
Drawdown of bankers' acceptances and trust receipts		445,129	323,429	-	-
Drawdown of bank loans		192,741	105,028	-	-
Increase/(Decrease) in amount due to subsidiaries		-	-	33,551	(10,415)
(Decrease)/Increase in amount due to affiliated companies		(1,076)	1,604	68	42
Interest paid on loans and borrowings		(19,208)	(12,470)	(6,236)	(3,144)
Proceeds from issuance of ICULS		-	212,295	-	212,295
Proceeds from issue of shares		149,043	-	149,043	-
Repayment of bank loans		(32,753)	(34,047)	-	-
Repayment of bankers' acceptances and trust receipts		(394,936)	(306,376)	-	-
Repayment of finance lease liabilities		-	(5,706)	-	-
Payment of lease liabilities		(10,119)	-	-	-
Repayment of revolving credits		(1,177)	(1,255)	-	-
<b>Net cash from financing activities</b>		<b>324,033</b>	<b>280,162</b>	<b>119,366</b>	<b>68,157</b>

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2019

cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Net increase in cash and cash equivalents</b>		<b>23,806</b>	2,855	<b>1,704</b>	156
Effect of foreign currency exchange rate fluctuations		(183)	652	-	-
Cash and cash equivalents at 1 January		<b>55,932</b>	52,425	<b>331</b>	175
<b>Cash and cash equivalents at 31 December</b>		<b>79,555</b>	55,932	<b>2,035</b>	331

### 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	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	13	<b>80,383</b>	58,186	<b>2,035</b>	331
Bank overdrafts	15	(828)	(2,254)	-	-
		<b>79,555</b>	55,932	<b>2,035</b>	331

### (i) Acquisition of property, plant and equipment

During the previous financial year ended 31 December 2018, the Group acquired property, plant and equipment with an aggregate cost of RM312,525,000, of which RM9,165,000 were acquired by means of finance leases.

### (ii) Acquisition of right-of-use assets

During the financial year ended 31 December 2019, the Group recognised right-of-use assets amounting to RM5,062,000 (2018: Nil) of which RM214,000 (2018: Nil) were down payments made in cash.

### Cash outflows for leases as a lessee

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Included in net cash from operating activities</b>					
Payment relating to short-term leases	23	<b>983</b>	-	-	-
<b>Included in net cash from financing activities</b>					
Interest paid in relation to lease liabilities	20	<b>909</b>	-	-	-
Payment of lease liabilities		<b>10,119</b>	-	-	-
<b>Total cash outflows for leases</b>		<b>12,011</b>	-	-	-

The notes on pages 97 to 166 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 2019 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 2019 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 13 May 2020.

## 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 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 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

- MFRS 17, *Insurance Contracts*\*

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

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

# 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 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 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.
- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is 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.

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 11 - contract assets/contract liabilities
- Note 17 - revenue from construction contracts
- Note 29 - measurement of expected credit loss ("ECL")

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 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.

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in note 32.

#### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

#### (a) Basis of consolidation cont'd

##### (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.

##### (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.



## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (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.

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.

# 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

##### **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)).

##### **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.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (c) Financial instruments *cont'd*

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

#### (c) Financial instruments cont'd

##### (v) Derecognition cont'd

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

##### (vi) Offsetting

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

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

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.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

#### (d) Property, plant and equipment cont'd

##### (iii) Depreciation

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

#### (e) Leases

The Group has applied MFRS 16 using the modified retrospective approach with the initial application that the right-of-use assets are equivalent to the lease liabilities as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases and related interpretations*.

##### Current financial year

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

#### (e) Leases cont'd

##### Current financial year cont'd

##### (i) Definition of a lease cont'd

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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (e) Leases *cont'd*

##### Current financial year *cont'd*

#### (ii) Recognition and initial measurement *cont'd*

##### (b) As a lessor *cont'd*

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.

##### 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".

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

### (e) Leases cont'd

#### Previous financial year

#### As a lessee

##### (i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

##### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### (f) Goodwill

Goodwill arises 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.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

#### (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

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) Discontinued operations

A discontinued operation is a component of the Group's and the Company business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

### (u) 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.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### (v) 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.

#### (w) 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.

#### (x) 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

cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT

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
<b>Cost</b>										
At 1 January 2018	52,594	23,766	10,498	1,697	4,058	6,860	113,124	180	-	212,777
Additions	7,835	1,728	2,403	-	14	649	14,408	285,488	-	312,525
Borrowing costs capitalised at 3.0% to 7.2% per annum	60	-	-	-	-	-	-	4,681	-	4,741
Disposals	-	-	(982)	-	-	-	(300)	-	-	(1,282)
Write-off	-	-	-	(452)	(112)	(13)	(143)	-	-	(720)
Reclassification	-	-	-	21	-	(21)	-	-	-	-
Effect of movements in exchange rates	-	-	3	24	5	22	1	-	-	55
At 31 December 2018	60,489	25,494	11,922	1,290	3,965	7,497	127,090	290,349	-	528,096
Adjustment on initial application of MFRS 16	(55,487)	-	(4,637)	-	-	(102)	(16,928)	(3,493)	83,260	2,613
At 1 January 2019	<b>5,002</b>	<b>25,494</b>	<b>7,285</b>	<b>1,290</b>	<b>3,965</b>	<b>7,395</b>	<b>110,162</b>	<b>286,856</b>	<b>83,260</b>	<b>530,709</b>
Additions	-	15,490	104	-	84	800	38,194	240,643	5,062	300,377
Borrowing costs capitalised at 3.0% to 7.2% per annum	-	-	-	-	-	-	-	4,687	572	5,259
Disposals	-	-	(457)	-	-	(4)	(1,978)	-	-	(2,439)
Disposals of subsidiaries	-	(3,123)	(2,698)	(134)	(1,417)	(1,721)	(348)	-	(3,509)	(12,950)
Write-off	-	-	-	-	-	(11)	-	-	-	(11)
Reclassification	-	128,233	-	-	6	257	149,788	(278,284)	-	-
Effect of movements in exchange rates	-	-	(1)	(4)	(1)	(6)	-	-	-	(12)
At 31 December 2019	<b>5,002</b>	<b>166,094</b>	<b>4,233</b>	<b>1,152</b>	<b>2,637</b>	<b>6,710</b>	<b>295,819</b>	<b>253,902</b>	<b>85,385</b>	<b>820,933</b>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT cont'd

Group	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Plant and equipment/ machinery RM'000	Capital work-in- progress RM'000	Right- of-use assets RM'000	Total RM'000
<b>Depreciation</b>										
At 1 January 2018	2,979	4,348	7,373	623	3,178	4,663	68,189	-	-	91,353
Depreciation for the year	935	886	763	135	189	471	10,539	-	-	13,918
Disposals	-	-	(982)	-	-	-	(71)	-	-	(1,053)
Write-off	-	-	-	(447)	(100)	(13)	(143)	-	-	(703)
Effect of movements in exchange rates	-	-	2	11	2	19	1	-	-	35
At 31 December 2018	3,914	5,234	7,156	322	3,269	5,140	78,515	-	-	103,550
Adjustment on initial application of MFRS 16	(3,914)	-	(1,260)	-	-	(5)	(2,206)	-	7,385	-
At 1 January 2019	-	5,234	5,896	322	3,269	5,135	76,309	-	7,385	103,550
Depreciation for the year	-	3,289	309	124	174	543	14,849	-	5,808	25,096
Disposals	-	-	(377)	-	-	(1)	(1,311)	-	-	(1,689)
Disposal of subsidiaries	-	(535)	(2,586)	(100)	(1,310)	(1,390)	(304)	-	(1,135)	(7,360)
Write-off	-	-	-	-	-	(9)	-	-	-	(9)
Effect of movements in exchange rates	-	-	(1)	(1)	-	(5)	-	-	-	(7)
At 31 December 2019	-	7,988	3,241	345	2,133	4,273	89,543	-	12,058	119,581
<b>Carrying amount</b>										
At 31 December 2017	49,615	19,418	3,125	1,074	880	2,197	44,935	180	-	121,424
At 31 December 2018	56,575	20,260	4,766	968	696	2,357	48,575	290,349	-	424,546
At 31 December 2019	5,002	158,106	992	807	504	2,437	206,275	253,902	73,327	701,352

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT cont'd

Company	Furniture and fittings RM'000
<b>Cost</b>	
At 1 January 2018/31 December 2018/1 January 2019	13
Additions	2
At 31 December 2019	15
<b>Depreciation</b>	
At 1 January 2018/31 December 2018/1 January 2019/31 December 2019	12
<b>Carrying amount</b>	
At 1 January 2018/31 December 2018/1 January 2019	1
At 31 December 2019	3

### 3.1 Leased plant and equipment/machinery and motor vehicles

At 31 December 2018, the net carrying amount of leased plant and equipment/ machinery and motor vehicles were as follows:

	Group 2018 RM'000
Plant and equipment/machinery	17,872
Motor vehicles	3,622
	21,494

### 3.2 Security

Properties with a carrying amount of RM158,506,000 (2018: RM55,670,000) are pledged as security to secure bank loans granted to the Group (see Note 15).

### 3.3 Capital work-in-progress

Included in the capital work-in-progress of the Group as at 31 December 2019 are costs capitalised amounting to RM253,855,000 (2018: RM290,169,000) for the construction of the manufacturing plant of PMB Silicon Sdn. Bhd., a wholly-owned subsidiary of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT cont'd

### 3.4 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
<b>Cost</b>						
At 1 January 2019	55,667	2,379	4,637	102	20,475	83,260
Additions	4	910	1,600	-	2,548	5,062
Borrowing costs capitalised at 3.0% to 7.2% per annum	572	-	-	-	-	572
Disposal of subsidiaries	(933)	(253)	(2,323)	-	-	(3,509)
At 31 December 2019	55,310	3,036	3,914	102	23,023	85,385
<b>Depreciation</b>						
At 1 January 2019	3,914	-	1,260	5	2,206	7,385
Depreciation for the year	1,092	1,859	734	10	2,113	5,808
Disposal of subsidiaries	(206)	(112)	(817)	-	-	(1,135)
At 31 December 2019	4,800	1,747	1,177	15	4,319	12,058
<b>Carrying amount</b>						
As at 31 December 2019	50,510	1,289	2,737	87	18,704	73,327

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.

#### 3.4.1 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.

#### 3.4.2 Capitalisation of borrowing costs

Borrowing costs are capitalised for land under development.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 4. GOODWILL

	Group	
	2019	2018
	RM'000	RM'000
<b>Cost</b>		
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	
	2019	2018
	RM'000	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% (2018: 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% (2018: 5%).
- The anticipated incremental rate for cost, based on past experience, was estimated to be 5% (2018: 5%).
- A pre-tax discount rate of 8% (2018: 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

cont'd

## 5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2018/31 December 2018/ 1 January 2019	42	1,486	-	1,528
Additions	-	-	3,520	3,520
At 31 December 2019	42	1,486	3,520	5,048
<b>Depreciation</b>				
At 1 January 2018	-	312	-	312
Depreciation for the year	-	30	-	30
At 31 December 2018/1 January 2019	-	342	-	342
Depreciation for the year	-	29	3	32
At 31 December 2019	-	371	3	374
<b>Carrying amounts</b>				
At 1 January 2018	42	1,174	-	1,216
At 31 December 2018/1 January 2019	42	1,144	-	1,186
At 31 December 2019	42	1,115	3,517	4,674

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

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

	Group	
	2019 RM'000	2018 RM'000
Direct operating expenses:		
- non-income generating investment properties	(28)	(18)

### Fair value information

Fair value of investment properties are categorised as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Level 3</b>		
Freehold land	130	102
Freehold buildings	5,460	1,753
	5,590	1,855

## 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	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	248,790	119,990

The movement of investments in subsidiaries is as follows:

	Group	
	2019 RM'000	2018 RM'000
At 1 January	119,990	42,990
Disposals of subsidiaries	(200)	-
Subscription of additional shares	129,000	77,000
At 31 December	248,790	119,990
Satisfied by cash	129,000	77,000
Consideration paid for subscription of additional shares	129,000	77,000

# 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 activities	Effective ownership interest and voting interest	
			2019 %	2018 %
PMB Façade Technology Sdn. Bhd. and its subsidiaries:-	Malaysia	Design, fabrication and installation of aluminium curtain wall and cladding systems, as well as 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 and cladding systems and other related products	100	100
PMB-Cyberwall Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall and cladding systems and other related products	100	100
Kai PMB Façade Technology Limited * # i	Bangladesh	Dormant	51	51
PMB Aluminium Sabah Sdn. Bhd. and its subsidiary:-	Malaysia	Marketing of gypsum board, aluminium extrusion and other related products	-	100
PMB.POIC Bulking Sdn. Bhd.	Malaysia	Dormant	-	100
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 Silicon Sdn. Bhd. &	Malaysia	Production and distribution of metallic silicon products as well as trading, distribution and fabrication of aluminium related products	100	100
PMB Chemical Sdn. Bhd. +	Malaysia	Dormant	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
Everlast Access Technologies Sdn. Bhd.	Malaysia	Manufacturing and marketing of aluminium and other related products	100	100
Everlast System Builder Sdn. Bhd. ^	Malaysia	Dormant	100	100

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 6. INVESTMENTS IN SUBSIDIARIES cont'd

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2019 %	2018 %
PMB Central Sdn. Bhd. %	Malaysia	Marketing of gypsum board, aluminium extrusion and other related products	-	100
PMB Northern Sdn. Bhd. %	Malaysia	Marketing of aluminium and other related products	-	100
PMB Eastern Sdn. Bhd. *%	Malaysia	Marketing of gypsum board and other related products	-	100
PMB Quick Access Sdn. Bhd. *	Malaysia	Marketing and rental of scaffolding tower and machinery as well as trading of other related products	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.

+ On 12 June 2019, the Company incorporated a 100% owned subsidiary known as PMB Chemical Sdn. Bhd. ("PMBCH") with total issued and paid-up share capital of RM100 comprising 100 ordinary shares.

^ On 13 September 2019, the Group subscribed for an additional 2,999,999 new ordinary shares in Everlast System Builder Sdn. Bhd., a wholly-owned subsidiary of Everlast Aluminium (M) Sdn. Bhd. with a total cash consideration of RM2,999,999.

& On 30 August 2019, the Company subscribed for an additional 120,000,000 new ordinary shares in PMB Silicon Sdn. Bhd., a wholly-owned subsidiary of the Company with a total cash consideration of RM120,000,000.

@ On 30 October 2019, the Company subscribed for an additional 9,000,000 new ordinary shares in PMB Carbon Sdn. Bhd., a wholly-owned subsidiary of the Company with a total cash consideration of RM9,000,000.

% On 19 December 2019, the Group had completed the following exercises:-

(i) disposals of 2,000,000 ordinary shares in PMB Central Sdn. Bhd., 1,000,000 ordinary shares in PMB Northern Sdn. Bhd. and 500,000 ordinary shares in PMB Eastern Sdn. Bhd. representing 100% of their issued and paid up share capital by Everlast Aluminium (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, to PMB (Klang) Sdn. Bhd., for an aggregate cash consideration of RM43,182,000; and

(ii) disposal of 200,000 ordinary shares in PMB Aluminium Sabah Sdn. Bhd., representing 100% of its issued and paid up share capital by the Company to PMB (Klang) Sdn. Bhd., for a cash consideration of RM1,204,000.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 7. INVESTMENT IN AN ASSOCIATE

	Group	
	2019	2018
	RM'000	RM'000
<b>At cost</b>		
Unquoted shares	100	100
Share of post-acquisition reserves	(100)	(100)
Group's share of net assets	-	-

The Group has an associate, PMB-Qatar W.L.L which was incorporated in Qatar. The Group has a 49% (2018: 49%) effective ownership interest and voting interest in the associate.

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

## 8. DEFERRED TAX ASSETS/(LIABILITIES)

### Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>						
Property, plant and equipment		-	7,916	7,059	7,916	7,059
Provisions	(178)	(178)	-	-	(178)	(178)
ICULS	(4,771)	(5,500)	-	-	(4,771)	(5,500)
Other items	(34)	(38)	92	267	58	229
Tax (assets)/liabilities	(4,983)	(5,716)	8,008	7,326	3,025	1,610
Set off of tax	178	178	(178)	(178)	-	-
Net tax (assets)/liabilities	(4,805)	(5,538)	7,830	7,148	3,025	1,610
<b>Company</b>						
Provisions	(34)	-	-	-	(34)	-
ICULS	(4,771)	(5,500)	-	-	(4,771)	(5,500)
Tax assets	(4,805)	(5,500)	-	-	(4,805)	(5,500)
Set off of tax	-	-	-	-	-	-
Net tax assets	(4,805)	(5,500)	-	-	(4,805)	(5,500)

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

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

### Recognised deferred tax (assets)/liabilities cont'd

Deferred tax assets and liabilities are attributable to the following: cont'd

	At 1.1.2018 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised directly in equity (Note 14) RM'000	At 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised directly in equity (Note 14) RM'000	Included in discontinued operations (Note 22) RM'000	At 31.12.2019 RM'000
<b>Group</b>								
Property, plant and equipment	6,386	673	-	7,059	1,122	-	(265)	7,916
Provisions	(178)	-	-	(178)	-	-	-	(178)
ICULS	-	-	(5,500)	(5,500)	723	6	-	(4,771)
Other items	258	(29)	-	229	(171)	-	-	58
	6,466	644	(5,500)	1,610	1,674	6	(265)	3,025
<b>Company</b>								
Provisions	-	-	-	-	(34)	-	-	(34)
ICULS	-	-	(5,500)	(5,500)	723	6	-	(4,771)
	-	-	(5,500)	(5,500)	689	6	-	(4,805)

## 9. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES)

	2019			2018		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
<b>Group</b>						
Derivatives used for hedging:-						
Forward exchange contracts						
- Non-current	191,829	4,769	-	-	-	-
- Current	50,814	1,391	-	-	-	-
	242,643	6,160	-	-	-	-

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 six months after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 10. INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Raw materials	70,725	61,975
Work-in-progress	5,209	9,780
Trading inventories and finished goods	75,918	39,055
	<b>151,852</b>	<b>110,810</b>
Recognised in profit or loss:		
Inventories recognised as cost of sales	273,088	115,675
Inventories written off	472	-

## 11. CONTRACT WITH CUSTOMERS

### 11.1 Contract assets/(liabilities)

Group	2019	2018
	RM'000	RM'000
Contract assets	24,901	34,091
Contract liabilities	(9,280)	(6,221)

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:

Group	2019	2018
	RM'000	RM'000
Contract liabilities at the beginning of the period recognised as revenue during the financial year	(6,009)	(12,471)
Contract liabilities at the beginning at the period not recognised as revenue during the financial year due to change in time frame	(212)	(2,807)
Contract assets at the beginning of the period not transferred to trade receivables during the financial year due to change in time frame	8,522	18,180



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables		54,109	73,278	-	-
Progress billings receivable	12.1	61,533	43,232	-	-
Less: Impairment losses		(400)	(4,439)	-	-
		115,242	112,071	-	-
Amounts due from affiliated companies	12.2	17,967	10,437	-	-
		133,209	122,508	-	-
<b>Non-trade</b>					
Amounts due from subsidiaries	12.2	-	-	199,824	141,512
Other receivables		6,644	7,157	-	40
Deposits		1,540	2,330	2	2
Prepayments	12.3	20,452	5,355	-	349
		28,636	14,842	199,826	141,903
		161,845	137,350	199,826	141,903

### 12.1 Progress billings receivable

Included in progress billings receivable at 31 December 2019 are retentions of RM28,161,000 (2018: RM27,346,000) relating to construction work-in-progress. Retentions are unsecured, interest free and are expected to be collected as follows:

	Group	
	2019 RM'000	2018 RM'000
Within 1 year	980	865
1 - 2 years	27,181	26,481
	28,161	27,346

### 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 are unsecured, interest free and repayable on demand.

### 12.3 Prepayments

Included in the prepayments are advances made for plant and equipment and raw materials amounting to RM12,446,000 (2018: RM154,000) and RM4,771,000 (2018: RM772,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 13. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances		80,383	58,186	2,035	331
Bank overdraft	15	(828)	(2,254)	-	-
Cash and cash equivalents in the statements of cash flows		79,555	55,932	2,035	331

## 14. CAPITAL AND RESERVES

### Share capital

	Group and Company			
	Amount 2019 RM'000	Number of shares 2019 '000	Amount 2018 RM'000	Number of shares 2018 '000
<b>Issued and fully paid:</b>				
Ordinary shares				
At 1 January	51,365	161,614	46,941	80,000
Share split into ordinary shares	-	-	-	80,000
Conversion of irredeemable convertible unsecured loan stocks ("ICULS")	225	82	4,424	1,614
Issued for cash under Private Placement I and II	149,043	47,974	-	-
At 31 December	200,633	209,670	51,365	161,614

### Ordinary shares

On 19 June 2019, the Company had completed Private Placement I with the listing and quotation for 15,650,000 new ordinary shares with issued price of RM3.10 per ordinary share. The total gross proceeds raised was RM48,515,000.

On 24 July 2019, the Company had completed Private Placement II with the listing and quotation for 32,324,000 new ordinary shares with issued price of RM3.11 per ordinary share. The total gross proceeds raised was RM100,528,000.

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

cont'd

### 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 component	Liability component	Total
	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-
Issued during the year	153,296	25,078	178,374
Converted into ordinary shares during the year	(3,901)	(523)	(4,424)
Recognised directly in retained earnings	707	-	707
Deferred tax effect (Note 8):			
- on issuance	5,617	-	5,617
- on conversion	(117)	-	(117)
At 31 December 2018/1 January 2019	155,602	24,555	180,157
Converted into ordinary shares during the year	(198)	(27)	(225)
Recognised directly in retained earnings	36	-	36
Accrual of interest	-	3,060	3,060
Repayment of interest	-	(6,235)	(6,235)
Deferred tax effect (Note 8):			
- on conversion	(6)	-	(6)
At 31 December 2019	<b>155,434</b>	<b>21,353</b>	<b>176,787</b>

On 13 July 2018, the Company completed the Renounceable Rights Issue of RM212,294,652 nominal value of 5-Year 3.00% ICULS at 100% of its nominal value of RM2.74 each on the basis of one (1) ICULS for every two (2) existing ordinary shares in the Company, together with 38,739,900 detachable warrants ("warrant(s)") on the basis of one (1) warrant for every two (2) ICULS subscribed. The ICULS were listed on Bursa Malaysia Securities Berhad on 18 July 2018.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 14. CAPITAL AND RESERVES *cont'd*

#### Irredeemable convertible unsecured loan stocks ("ICULS") with Warrants *cont'd*

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, 82,000 (2018: 1,614,550) new ordinary shares amounting to RM225,000 (2018: RM4,424,000) were issued resulting from the conversion of 82,000 (2018: 1,614,550) units of ICULS at the conversion price of RM2.74.

#### Warrant reserves

	Group and Company			
	Amount	Number warrant	Amount	Number warrant
	2019	2019	2018	2018
	RM'000	'000	RM'000	'000
At 1 January	33,921	38,740	-	-
Issued during the financial year	-	-	33,921	38,740
At 31 December	33,921	38,740	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.

No warrant was exercised during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 15. LOANS AND BORROWINGS

		Group	
	Note	2019 RM'000	2018 RM'000
<b>Non-current</b>			
Bank loans - secured:			
- Fixed rate	15.1	160	419
- Floating rate	15.1	236,928	92,018
Finance lease liabilities	15.2	-	7,734
		<b>237,088</b>	<b>100,171</b>
<b>Current</b>			
Bank loans - secured:			
- Fixed rate	15.1	259	240
- Floating rate	15.1	20,160	4,842
Bankers' acceptances, trust receipts and revolving credits - unsecured	15.3	143,385	130,002
Bank overdrafts - unsecured	15.4	828	2,254
Finance lease liabilities	15.2	-	7,182
		<b>164,632</b>	<b>144,520</b>
		<b>401,720</b>	<b>244,691</b>

### 15.1 Bank loans - secured

Fixed rate bank loan is subject to a fixed interest rate of 7.25% (2018: 7.25%) per annum.

Floating rate term loans are subject to floating interest rates ranging from 0.25% to 1.50% (2018: 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 are guaranteed by the Company.

### 15.2 Finance lease liabilities

Finance lease liabilities were payable as follows:

	Future minimum lease payments RM'000 2018	Interest RM'000 2018	Present value of minimum lease payments RM'000 2018
<b>Group</b>			
Less than one year	7,811	(629)	7,182
Between one and five years	8,182	(448)	7,734
	<b>15,993</b>	<b>(1,077)</b>	<b>14,916</b>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 15. LOANS AND BORROWINGS cont'd

### 15.2 Finance lease liabilities cont'd

At 31 December 2018, the finance lease liabilities were subject to fixed interest rates ranging from 1.98% to 4.08% per annum, of which RM13,252,000 were 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 4.28% to 5.67% (2018: 3.10% to 5.97%) per annum and are guaranteed by the Company.

### 15.4 Bank overdrafts – unsecured

The bank overdrafts of the Group are subject to floating interest rates of 1.0% (2018: 1.0%) per annum above the bank's base lending rate or Hong Kong Interbank Offered Rate ("HIBOR") and are guaranteed by the Company.

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

Group	At 1.1.2018 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 31.12.2018 RM'000	Effect of adoption of MFRS 16 RM'000	At 1.1. 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Included in discontinued operations (Note 22) RM'000	At 31.12.2019 RM'000
Bank loans	26,538	70,981	-	97,519	-	97,519	159,988	-	-	257,507
Bankers' acceptances	79,886	28,576	-	108,462	-	108,462	38,283	-	(35,633)	111,112
Trust receipts	21,453	(11,523)	-	9,930	-	9,930	11,910	-	-	21,840
Revolving credits	12,865	(1,255)	-	11,610	-	11,610	(1,177)	-	-	10,433
Bank overdrafts	771	1,483	-	2,254	-	2,254	(1,426)	-	-	828
Finance lease liabilities	11,457	(5,706)	9,165	14,916	(14,916)	-	-	-	-	-
Lease liabilities	-	-	-	-	17,529	17,529	(10,119)	6,030	(1,246)	12,194
	152,970	82,556	9,165	244,691	2,613	247,304	197,459	6,030	(36,879)	413,914

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Trade</b>					
Trade payables		84,680	47,542	-	-
Amount due to affiliated companies	16.1	15,311	63,563	-	-
		99,991	111,105	-	-
<b>Non-trade</b>					
Amounts due to affiliated companies	16.1	612	1,688	110	42
Amounts due to subsidiaries	16.1	-	-	34,160	609
Advances		1,813	5,713	-	-
Other payables and accrued expenses	16.2	47,185	16,132	2,398	3,456
		49,610	23,533	36,668	4,107
		149,601	134,638	36,668	4,107

### 16.1 Amounts due to related parties

The trade amount 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.

### 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 RM11,296,000 (2018: RM890,000) and RM10,587,000 (2018: Nil) respectively.

## 17. REVENUE

	Group				Total	
	Continuing operations		Discontinued operations			
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers	399,746	285,526	153,435	159,239	553,181	444,765



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 17. REVENUE cont'd

	Company	
	2019	2018
	RM'000	RM'000
<b>Other revenue</b>		
Management fees	790	790
Dividend income	11,000	5,099
	<b>11,790</b>	<b>5,889</b>

### 17.1 Disaggregation of revenue

Group	Reportable segments									
	Manufacturing and trading		Construction and fabrication		Manufacturing and trading (discontinued)		Investment holding and others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Primary geographical markets</b>										
Malaysia	81,859	47,208	82,976	103,420	153,435	159,239	-	-	318,270	309,867
Hong Kong	-	-	149,289	122,741	-	-	-	-	149,289	122,741
Other countries	78,953	11,217	6,669	940	-	-	-	-	85,622	12,157
	<b>160,812</b>	<b>58,425</b>	<b>238,934</b>	<b>227,101</b>	<b>153,435</b>	<b>159,239</b>	<b>-</b>	<b>-</b>	<b>553,181</b>	<b>444,765</b>
<b>Major products and services lines</b>										
Aluminium related products and others	42,401	58,425	74,117	51,734	153,435	159,239	-	-	269,953	269,398
Metallic Silicon	118,411	-	-	-	-	-	-	-	118,411	-
Construction contracts	-	-	164,817	175,367	-	-	-	-	164,817	175,367
	<b>160,812</b>	<b>58,425</b>	<b>238,934</b>	<b>227,101</b>	<b>153,435</b>	<b>159,239</b>	<b>-</b>	<b>-</b>	<b>553,181</b>	<b>444,765</b>
<b>Timing and recognition</b>										
At a point in time	160,812	58,425	74,117	51,734	153,435	159,239	-	-	388,364	269,398
Overtime	-	-	164,817	175,367	-	-	-	-	164,817	175,367
	<b>160,812</b>	<b>58,425</b>	<b>238,934</b>	<b>227,101</b>	<b>153,435</b>	<b>159,239</b>	<b>-</b>	<b>-</b>	<b>553,181</b>	<b>444,765</b>
<b>Revenue from contracts with customers</b>	<b>160,812</b>	<b>58,425</b>	<b>238,934</b>	<b>227,101</b>	<b>153,435</b>	<b>159,239</b>	<b>-</b>	<b>-</b>	<b>553,181</b>	<b>444,765</b>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 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.	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	2020 RM'000	Total RM'000
Construction contracts	473,925	473,925

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

cont'd

## 18. COST OF SALES

	Continuing operations		Group Discontinued operation		Total		Company Continuing operation	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sale of goods	184,023	81,108	136,057	141,738	320,080	222,846	-	-
Construction contracts	133,997	137,069	-	-	133,997	137,069	-	-
	318,020	218,177	136,057	141,738	454,077	359,915	-	-

## 19. FINANCE INCOME

	Continuing operations		Group Discontinued operation		Total		Company Continuing operation	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are at amortised cost	2,550	220	60	47	2,610	267	8,105	3,353

## 20. FINANCE COSTS

	Continuing operations		Group Discontinued operation		Total		Company Continuing operation	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	15,947	10,199	2,138	2,141	18,085	12,340	1,958	3,144
Interest expense on lease liabilities	833	-	76	-	909	-	-	-
Other finance costs	201	115	13	15	214	130	1	-
	16,981	10,314	2,227	2,156	19,208	12,470	1,959	3,144
Recognised in profit or loss	11,722	5,573	2,227	2,156	13,949	7,729	1,959	3,144
Capitalised as qualifying asset:								
- property, plant and equipment (Note 3)	5,259	4,741	-	-	5,259	4,741	-	-
	16,981	10,314	2,227	2,156	19,208	12,470	1,959	3,144

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 21. TAX EXPENSE

### Recognised in profit or loss

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income tax expense on continuing operations	5,551	3,894	689	8
Income tax expense on discontinued operation (excluding gain on sale)	1,105	924	-	-
Total income tax expense	6,656	4,818	689	8
<b>Current tax expense</b>				
- current year	4,852	4,275	-	-
- prior year	130	(101)	-	8
Total current tax recognised in profit or loss	4,982	4,174	-	8
<b>Deferred tax expense</b>				
Origination of temporary differences	1,808	139	689	-
(Over)/under provision in prior year	(134)	505	-	-
Total deferred tax recognised in profit or loss	1,674	644	689	-
Total income tax expense	6,656	4,818	689	8
<b>Reconciliation of tax expense</b>				
Profit before tax				
Continuing operations	20,397	10,747	15,608	3,215
Discontinued operations	14,030	3,390	-	-
	34,427	14,137	15,608	3,215
Income tax calculated using Malaysian tax rate of 24% (2018: 24%)	8,262	3,393	3,746	772
Effect of tax rates in foreign jurisdictions	(501)	(400)	-	-
Non-deductible expenses	1,667	1,421	1,080	611
Non-taxable income	(2,768)	-	-	-
Tax-exempt income	-	-	(4,137)	(1,383)
(Over)/under provision in prior year	(4)	404	-	8
	6,656	4,818	689	8

## 22. DISCONTINUED OPERATION

In December 2019, the Group disposed four subsidiaries in trading operating segment. The segment was not a discontinued operation or classified as held for sale as at 31 December 2018 and the comparative consolidation statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this segment in October 2019 due to strategic decision to place greater focus on the Group's core operations, being manufacture of metallic silicon products.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 22. DISCONTINUED OPERATION cont'd

Profit attributable to the discontinued operation was as follows:

### Results of discontinued operation

	Note	Group 2019 RM'000	2018 RM'000
Revenue		153,435	159,239
Expenses		(149,361)	(155,849)
<b>Results from operating activities</b>		<b>4,074</b>	<b>3,390</b>
Tax expense		(1,105)	(924)
<b>Results from operating activities, net of tax</b>		<b>2,969</b>	<b>2,466</b>
Gain on sale of discontinued operation		9,956	-
<b>Profit for the year</b>		<b>12,925</b>	<b>2,466</b>

The profit from discontinued operation of RM12,925,000 (2018: RM2,466,000) is attributable entirely to the owners of the Company.

	Group 2019 RM'000
<b>Cash flows from/(used in) discontinued operation</b>	
Net cash from operating activities	15,953
Net cash used in investing activities	(626)
Net cash used in financing activities	(12,203)
Effect on cash flows	<b>3,124</b>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 22. DISCONTINUED OPERATION cont'd

### Effect of disposal on the financial position of the Group

	Note	Group 2019 RM'000
Property, plant and equipment		3,216
Rights-of-use assets		2,374
Inventories		23,609
Trade receivables		67,830
Other receivables		562
Cash and cash equivalents		10,419
Deferred tax liabilities		(265)
Loan and borrowings		(35,633)
Current tax liabilities		(48)
Lease liabilities		(1,246)
Other payables		(1,580)
Trade payables		(34,808)
Net assets and liabilities		34,430
Gain on sale of discontinued operation		9,956
Consideration received, satisfied in cash		44,386
Cash and cash equivalents disposed of		(10,419)
Net cash inflow		33,967
Gain on disposal of subsidiaries		
- Attributable to gain on disposed interest		9,956

## 23. PROFIT FOR THE YEAR

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the year is arrived at after charging/ (crediting):</b>				
Auditors' remuneration:				
- Audit fees				
KPMG PLT Malaysia	328	283	85	85
Other auditors	102	107	-	-
- Non-audit fees				
KPMG PLT Malaysia	25	155	25	155
Affiliate of KPMG PLT Malaysia	21	51	21	51
Affiliates of other auditors	7	7	-	-

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 23. PROFIT FOR THE YEAR cont'd

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Material expenses/(income)</b>				
Depreciation of investment properties	32	30	-	-
Depreciation of property, plant and equipment	25,096	13,918	-	-
Finance costs	13,949	7,729	1,959	3,144
Inventories written off	472	-	-	-
Net realised foreign exchange loss	555	1,148	-	-
Net unrealised foreign exchange (gain)/loss	(804)	128	-	-
Property, plant and equipment written off	2	17	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,713	2,428	206	153
- Wages, salaries and others	46,840	39,939	1,981	1,176
Rental expense of property, plant and equipment	-	3,903	-	-
Finance income	(2,610)	(267)	(8,105)	(3,353)
Gain on disposal of property, plant and equipment	(183)	(91)	-	-
Management fees from subsidiaries	-	-	(790)	(790)
<b>Expenses/(income) arising from leases</b>				
Expenses relating to short-term leases (Note a)	983	-	-	-
Rental income from motor vehicles	-	(36)	-	-
<b>Net loss on impairment of financial instruments and contract assets</b>				
Net impairment loss on financial assets	-	161	-	-

### 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

cont'd

## 24. EARNINGS PER ORDINARY SHARE

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
<b>2019</b>			
Profit attributable to owners of the Company	14,846	12,925	27,771
<b>2018</b>			
Profit attributable to owners of the Company	6,853	2,466	9,319
	Group		
	2019	2018	
	'000	'000	
Weighted average number of ordinary shares at 31 December	204,570	156,574	
	Group		
	2019	2018	
	sen	sen	
From continuing operations	7.26	4.38	
From discontinued operation	6.32	1.57	
Basic earnings per ordinary share	13.58	5.95	

### Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares that would have been in issue upon full conversion of all outstanding ICULS, calculated as follows:

	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
<b>2019</b>			
Profit attributable to ordinary shareholders	14,846	12,925	27,771
<b>2018</b>			
Profit attributable to ordinary shareholders	6,853	2,466	9,319

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 24. EARNINGS PER ORDINARY SHARE cont'd

### Diluted earnings per ordinary share cont'd

	Group	
	2019	2018
	'000	'000
Weighted average number of ordinary shares at 31 December (basic)	204,570	156,574
Potential dilution arising from outstanding ICULS	75,783	34,989
Potential dilution arising from free Warrants	1,722	6,077
Weighted average number of ordinary shares at 31 December (diluted)	282,075	197,640

	Group	
	2019	2018
	sen	sen
From continuing operations	5.26	3.47
From discontinued operation	4.58	1.25
Diluted earnings per ordinary share	9.84	4.72

## 25. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2019</b>			
Second interim 2018 ordinary	1.00	1,565	18 April 2019
First interim 2019 ordinary	1.00	2,046	2 October 2019
Second interim 2019 ordinary	1.00	2,046	15 January 2020
Total amount		5,657	
<b>2018</b>			
Fourth interim 2017 ordinary	1.00	775	18 April 2018
First interim 2018 ordinary	1.00	1,565	20 September 2018
Total amount		2,340	

Subsequent to the financial year end, the Directors declared a special ordinary dividend of 1.5 sen per ordinary share totalling RM3,071,269 in respect of the financial year ended 31 December 2019, which was paid on 16 April 2020. 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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### 26. 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 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

cont'd

## 26. OPERATING SEGMENTS cont'd

	Manufacturing and trading		Construction and fabrication		Manufacturing and trading (discontinued)		Investment holding and others		Total
	2019	2018	2019	2018	2019	2018	2019	2018	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment profit</b>	<b>18,936</b>	<b>5,229</b>	<b>12,563</b>	<b>12,734</b>	<b>16,198</b>	<b>5,499</b>	<b>9,452</b>	<b>2,990</b>	<b>26,452</b>
<i>Included in the measure of segment profit are:</i>									
Revenue from external customers	160,812	58,425	238,934	227,101	153,435	159,239	-	-	444,765
Inter-segment revenue	39,465	31,922	132,357	120,540	-	-	11,790	5,889	158,351
Depreciation	14,822	5,076	9,467	8,340	839	532	-	-	13,948
<b>Segment assets</b>	<b>980,736</b>	<b>484,093</b>	<b>255,447</b>	<b>215,190</b>	<b>108,011</b>	<b>141,274</b>	<b>455,523</b>	<b>270,870</b>	<b>1,111,427</b>
<i>Included in the measure of segment assets are:</i>									
Additions to non-current assets other than financial instruments and deferred tax assets	307,356	305,824	3,389	9,828	1,021	1,614	129,003	77,000	394,266

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 26. OPERATING SEGMENTS cont'd

### Reconciliations of reportable profit or loss, assets and other material items

	2019 RM'000	2018 RM'000
<b>Profit or loss</b>		
Total profit for reportable segments	57,149	26,452
Elimination of inter-segment profits	(11,383)	(4,853)
Finance income	2,610	267
Finance costs	(13,949)	(7,729)
Tax expense	(6,656)	(4,818)
Profit on discontinued operation	(12,925)	(2,466)
Consolidated profit (excluding discontinued operations)	14,846	6,853
<b>Total assets</b>		
Total assets for reportable segments	1,799,717	1,111,427
Elimination of inter-segment balances	(553,947)	(335,616)
Discontinued operation	(108,011)	-
Consolidated total	1,137,759	775,811
<b>Additions to non-current assets</b>		
Total additions to non-current assets for reportable segments	440,769	394,266
Elimination of inter-segment balances	(129,000)	(77,000)
Discontinued operation	(1,021)	-
Consolidated total	310,748	317,266

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 26. OPERATING SEGMENTS cont'd

### Geographical segments cont'd

	Revenue	Non-current assets	Revenue	Non-current assets
	2019	2019	2018	2018
	RM'000	RM'000	RM'000	RM'000
<b>Geographical information</b>				
Malaysia	318,270	720,109	309,867	430,421
Hong Kong	149,289	1,846	122,741	1,641
Other countries	85,622	-	12,157	-
Manufacturing and trading (discontinued)	(153,435)	(5,563)	(159,239)	-
	<b>399,746</b>	<b>716,392</b>	<b>285,526</b>	<b>432,062</b>

### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue	Segment
	2019	2018
	RM'000	RM'000
Customer A	15,425	54,946
Customer B	68,489	63,727
Customer C	61,477	-

## 27. CAPITAL COMMITMENTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Capital expenditure commitments</b>				
<b>Plant and equipment</b>				
Contracted but not provided for	8,386	5,282	-	-

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 28. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Guarantees given to contract customers	21,363	28,657	-	-
Guarantees given to financial institutions for facilities granted to subsidiaries	-	-	469,224	266,522

## 29. FINANCIAL INSTRUMENTS

### 29.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2019 categorised as follows:

- (a) Amortised costs ("AC")
- (b) Derivatives designated as hedging instruments

	Carrying amount	AC	Derivatives used for hedging
	RM'000	RM'000	RM'000
<b>2019</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade and other receivables*	141,393	141,393	-
Derivative financial assets	6,160	-	6,160
Cash and cash equivalents	80,383	80,383	-
	<b>227,936</b>	<b>221,776</b>	<b>6,160</b>
<b>Financial liabilities</b>			
Loans and borrowings	(401,720)	(401,720)	-
Trade and other payables#	(147,788)	(147,788)	-
	<b>(549,508)</b>	<b>(549,508)</b>	<b>-</b>
<b>Company</b>			
<b>Financial assets</b>			
Trade and other receivables	199,826	199,826	-
Cash and cash equivalents	2,035	2,035	-
	<b>201,861</b>	<b>201,861</b>	<b>-</b>
<b>Financial liabilities</b>			
Trade and other payables	(36,668)	(36,668)	-



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.1 Categories of financial instruments cont'd

	Carrying amount RM'000	AC RM'000	Derivatives used for hedging RM'000
<b>2018</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade and other receivables*	131,995	131,995	-
Cash and cash equivalents	58,186	58,186	-
	<u>190,181</u>	<u>190,181</u>	<u>-</u>
<b>Financial liabilities</b>			
Loans and borrowings	(244,691)	(244,691)	-
Trade and other payables#	(128,925)	(128,925)	-
	<u>(373,616)</u>	<u>(373,616)</u>	<u>-</u>
<b>Company</b>			
<b>Financial assets</b>			
Trade and other receivables	141,903	141,903	-
Cash and cash equivalents	331	331	-
	<u>142,234</u>	<u>142,234</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade and other payables	(4,107)	(4,107)	-

\* Excluding prepayment of RM20,452,000 (2018: RM5,355,000)

# Excluding advances of RM1,813,000 (2018: RM5,713,000)

### 29.2 Net gain and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net (gain) and losses on:				
Financial assets at amortised cost	(2,292)	(267)	(8,105)	(3,353)
Financial liabilities at amortised cost	13,382	9,005	1,959	3,144
Net loss on impairment of financial instruments:				
Financial assets at amortised cost	-	161	-	-
	<u>11,090</u>	<u>8,899</u>	<u>(6,146)</u>	<u>(209)</u>

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 29. FINANCIAL INSTRUMENTS cont'd

#### 29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 29.4 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

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.4 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	
	2019	2018
	RM'000	RM'000
Domestic	39,575	80,785
Asia	85,088	65,377
Others	15,480	-
	<b>140,143</b>	<b>146,162</b>

##### 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

cont'd

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.4 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 2019 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
<b>2019</b>			
Current (not past due)	136,999	-	136,999
1 - 30 days past due	907	-	907
31 - 60 days past due	87	-	87
61 - 90 days past due	136	-	136
	<b>138,129</b>	<b>-</b>	<b>138,129</b>
<b>Credit impaired</b>			
More than 90 days past due	2,414	(400)	2,014
	<b>140,543</b>	<b>(400)</b>	<b>140,143</b>
Trade receivables	115,642	(400)	115,242
Contract assets	24,901	-	24,901
	<b>140,543</b>	<b>(400)</b>	<b>140,143</b>
<b>2018</b>			
Current (not past due)	136,719	(358)	136,361
1 - 30 days past due	3,266	(16)	3,250
31 - 60 days past due	1,933	(22)	1,911
61 - 90 days past due	486	(4)	482
	<b>142,404</b>	<b>(400)</b>	<b>142,004</b>
<b>Credit impaired</b>			
More than 90 days past due	8,197	(4,039)	4,158
	<b>150,601</b>	<b>(4,439)</b>	<b>146,162</b>
Trade receivables	116,510	(4,439)	112,071
Contract assets	34,091	-	34,091
	<b>150,601</b>	<b>(4,439)</b>	<b>146,162</b>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.4 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		Contract assets	Total
	Lifetime ECL RM'000	Credit impaired RM'000		
Balance at 1 January 2018 as per MFRS 9	(400)	(3,878)	-	(4,278)
Net remeasurement of loss allowance	-	(161)	-	(161)
Balance at 31 December 2018/ 1 January 2019	(400)	(4,039)	-	(4,439)
Amount written off	-	4,039	-	4,039
Balance at 31 December 2019	(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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 29. FINANCIAL INSTRUMENTS cont'd

#### 29.4 Credit risk cont'd

##### Financial guarantees cont'd

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk of the Group and of the Company amounts to RM21,363,000 (2018: RM28,657,000) and RM469,224,000 (2018: RM266,522,000) 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.

As at the end of the reporting period, there was no indication that the related party balances are not recoverable.

#### 29.5 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

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.5 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:

	Carrying amount	Contractual interest rate/coupon	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
2019	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	147,788	-	147,788	147,788	-	-	-
Bank loans	257,507	*	301,823	34,523	48,655	198,665	19,980
Bankers' acceptances, trust receipts, and revolving credits	143,385	4.28% - 5.67%	143,385	143,385	-	-	-
Bank overdrafts	828	5.78% - 5.89%	828	828	-	-	-
Lease liabilities	12,194	2.30% - 6.20%	13,009	8,042	3,007	1,960	-
Financial guarantees	-	-	21,363	21,363	-	-	-
ICULS liabilities	21,353	3.00%	21,801	6,236	6,236	9,329	-
	<b>583,055</b>		<b>649,997</b>	<b>362,165</b>	<b>57,898</b>	<b>209,954</b>	<b>19,980</b>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	(235,850)	(49,374)	(49,971)	(136,505)	-
Inflow	6,160	-	242,643	50,814	51,388	140,441	-
	<b>589,215</b>		<b>656,790</b>	<b>363,605</b>	<b>59,315</b>	<b>213,890</b>	<b>19,980</b>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	36,668	-	36,668	36,668	-	-	-
Financial guarantees	-	-	469,224	469,224	-	-	-
ICULS liabilities	21,353	3.00%	21,801	6,236	6,236	9,329	-
	<b>58,021</b>		<b>527,693</b>	<b>512,128</b>	<b>6,236</b>	<b>9,329</b>	<b>-</b>

\* 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

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.5 Liquidity risk cont'd

#### Maturity analysis cont'd

	Carrying amount	Contractual interest rate/coupon	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
2018	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	128,925	-	128,925	128,925	-	-	-
Bank loans	97,519	*	115,052	10,252	25,199	71,364	8,237
Bankers' acceptances, trust receipts, and revolving credits	130,002	3.10% - 5.97%	130,002	130,002	-	-	-
Bank overdrafts	2,254	5.54%	2,254	2,254	-	-	-
Finance lease liabilities	14,916	1.98% - 4.08%	15,993	7,811	5,333	2,723	126
Financial guarantees	-	-	28,657	28,657	-	-	-
ICULS liabilities	24,555	3.00%	28,037	6,236	6,236	15,565	-
	<u>398,171</u>		<u>448,920</u>	<u>314,137</u>	<u>36,768</u>	<u>89,652</u>	<u>8,363</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	4,107	-	4,107	4,107	-	-	-
Financial guarantees	-	-	266,522	266,522	-	-	-
ICULS liabilities	24,555	3.00%	28,037	6,236	6,236	15,565	-
	<u>28,662</u>		<u>298,666</u>	<u>276,865</u>	<u>6,236</u>	<u>15,565</u>	<u>-</u>

\* Fixed rate bank loan was subject to a fixed interest rate of 7.25% per annum. Floating rate term loans were 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

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.6 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.

#### 29.6.1 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.

#### *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:

	<i>Denominated in</i>				
	USD	AUD	CNY	SGD	EUR
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2019</b>					
<b>Balances recognised in the statement of financial position</b>					
Trade and other receivables	10,351	1,398	-	232	10,005
Trade and other payables	(33,145)	-	(1,237)	-	-
Cash and cash equivalents	3,299	325	3	351	6
	<b>(19,495)</b>	<b>1,723</b>	<b>(1,234)</b>	<b>583</b>	<b>10,011</b>
<b>Forecast transactions</b>					
Forecast sales	242,643	-	-	-	-
Forward exchange contract on forecast sales	(235,850)	-	-	-	-
<b>Net exposure</b>	<b>(12,702)</b>	<b>1,723</b>	<b>(1,234)</b>	<b>583</b>	<b>10,011</b>
<b>2018</b>					
<b>Balances recognised in the statement of financial position</b>					
Trade and other receivables	1,041	1,935	-	364	-
Trade and other payables	(28,437)	-	-	(1)	-
Cash and cash equivalents	316	640	-	125	-
<b>Net exposure</b>	<b>(27,080)</b>	<b>2,575</b>	<b>-</b>	<b>488</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.6 Market risk cont'd

#### 29.6.1 Foreign currency risk cont'd

##### *Currency risk sensitivity analysis*

A 10% (2018: 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	
	2019	2018
	RM'000	RM'000
USD	965	2,058
AUD	(131)	(196)
CNY	94	-
SGD	(44)	(37)
EUR	(761)	-

A 10% (2018: 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.

#### 29.6.2 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

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.6 Market risk cont'd

#### 29.6.2 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	
	2019	2018
	RM'000	RM'000
<b>Fixed rate instruments</b>		
Financial liabilities	(155,998)	(145,577)
<b>Floating rate instruments</b>		
Financial liabilities	(257,916)	(99,114)

##### *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	30 bp decrease	30 bp increase	30 bp decrease
	2019	2019	2018	2018
Group	RM'000	RM'000	RM'000	RM'000
Floating rate instruments	(588)	588	(226)	226

#### 29.6.3 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

### 29. FINANCIAL INSTRUMENTS cont'd

#### 29.7 Hedging activities

##### 29.7.1 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 over the following 60 months at any point in time. 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-six 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.

##### 29.7.2 Cash flow hedge

At 31 December 2019, 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
<b>2019</b>			
<b>Foreign currency risk</b>			
Forward exchange contracts	1,391	1,324	3,445

At 31 December 2018, the Group did not hold any instruments to hedge exposures to changes in foreign currency.

The amounts at the reporting date relating to items designated as hedged items were as follows:

Group	31 December 2019
	Cash flow hedge reserve RM'000
<b>Foreign currency risk</b>	
Forecasted sales	6,160

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 29. FINANCIAL INSTRUMENTS cont'd

#### 29.7 Hedging activities cont'd

##### 29.7.2 Cash flow hedge cont'd

The amount relating to items designated as hedging instruments and hedge effectiveness are as follows:

2019		Carrying amount	Line item in the statement of financial position where the hedging instrument is included
Group	Nominal amount RM'000	Assets RM'000	
<b>Foreign currency risk</b>			
Forward exchange contracts – Sales	242,643	6,160	Derivative financial assets

2019	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
<b>Foreign currency risk</b>			
Forward exchange contracts - Sales	6,307	147	Revenue

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	2019 Hedging reserve RM'000
Balance at 1 January	
Cash flow hedge	
<b>Changes in fair value:</b>	
Foreign currency risk – sales	6,307
<b>Amount reclassified to profit or loss:</b>	
Foreign currency risk – sales	(147)
Balance at 31 December	6,160

#### 29.8 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.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 29. FINANCIAL INSTRUMENTS cont'd

### 29.8 Fair value information cont'd

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		
<b>2019</b>				
<b>Financial asset</b>				
Forward exchange contracts	6,160	-	6,160	6,160
<b>Financial liabilities</b>				
Bank loans - secured	-	252,368	252,368	257,507
<b>2018</b>				
<b>Financial asset</b>				
Forward exchange contracts	-	-	-	-
<b>Financial liabilities</b>				
Bank loans - secured	-	96,121	96,121	97,519
Finance lease liabilities	-	15,137	15,137	14,916
	-	111,258	111,258	112,435

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 30. 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 2019 and 31 December 2018 were as follows:

		Group	
	Note	2019 RM'000	2018 RM'000
Total loans and borrowings including ICULS liabilities		423,073	269,246
Lease liabilities		12,194	-
Less: Cash and cash equivalents	13	(80,383)	(58,186)
Net debt		354,884	211,060
Total equity		534,833	357,683
Debt-to-equity ratio		0.7	0.6

There was no change in the Group's approach to capital management during the financial year.

## 31. 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.



# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 31. RELATED PARTIES cont'd

### 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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>A. Affiliated companies</b>				
Sale of goods	(57,551)	(26,252)	-	-
Purchase of goods	152,440	207,885	-	-
Proceeds from disposal of subsidiaries	(44,386)	-	-	-
Rental expense on properties	198	194	-	-
<b>B. Subsidiaries</b>				
Dividend income	-	-	(11,000)	(5,099)
Management fee income	-	-	(790)	(790)
<b>C. Key management personnel</b>				
<b>Directors</b>				
- Fees	126	120	126	120
- Remuneration	1,510	1,450	298	283
- Other short-term employee benefits	452	422	111	102
Total short-term employee benefits	2,088	1,992	535	505
<b>Other key management personnel</b>				
Short-term employee benefits	1,772	1,961	-	-
	3,860	3,953	535	505

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.

## 32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16.

### Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES cont'd

#### As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 with the initial application that the right-of-use assets are equivalent to the lease liabilities as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 5 %. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

#### As a lessor

Group entities who is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

#### Impacts on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	1 January 2019
	RM'000
Operating lease commitments as at 31 December 2018 as disclosed in the Company's financial statements	2,792
Discounted using the incremental borrowing rate at 1 January 2019	2,613
Finance lease liabilities recognised at 31 December 2018	14,916
Lease liabilities recognised at 1 January 2019	17,529

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 33. SIGNIFICANT EVENTS

#### Disposal of subsidiaries

On 19 December 2019, the Group had completed the following exercises:-

- (i) disposals of PMB Central Sdn. Bhd., PMB Northern Sdn. Bhd. and PMB Eastern Sdn. Bhd. by Everlast Aluminium (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, to PMB (Klang) Sdn. Bhd., for an aggregate cash consideration of RM43,182,000; and
- (ii) disposal of PMB Aluminium Sabah Sdn. Bhd. by the Company to PMB (Klang) Sdn. Bhd., for a cash consideration of RM1,204,000.

The effect of the disposals have been disclosed in Note 22 to the financial statements.

### 34. SUBSEQUENT EVENTS

#### Investment in a new associate

Greentec Logging Sdn. Bhd. ("GLSB"), a 40% associate of PMB Carbon Sdn. Bhd., a wholly-owned subsidiary of the Company was incorporated on 9 January 2020. The issued and paid-up share capital of GLSB is RM10.00 comprising of 10 ordinary shares.

#### Coronavirus (Covid-19) pandemic

The Covid-19 pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

The Group and Company consider that the effects related to this outbreak to be a non-adjusting event as it was not a condition that existed as at 31 December 2019, the end of the reporting period. Accordingly, the current conditions arising from this outbreak do not have an impact on the carrying amounts reported for the financial year ended 31 December 2019.

As at the date of the financial statements are authorised for issuance, the Covid-19 situation is still evolving and unpredictable. As a result, it is not practicable for the Group and the Company to estimate the financial effect of Covid-19 at this juncture. The Group and the Company are actively monitoring and managing the Group's and the Company's operations to minimise any impacts that may arise from Covid-19.

## 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 166 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 2019 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: 13 May 2020

## 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 166 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 13 May 2020.

**Wan Shuw Yee**

Before me:

Commissioner for Oaths  
Kuala Lumpur

# 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 2019 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 166.

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 2019 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' *Code of Ethics for Professional Accountants* ("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 2019 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

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 significant trade receivables balance as at 31 December 2019 of RM115,242,000. 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 debtors and input used in the lifetime expected credit loss made.

#### (iii) Hedge accounting

Refer to *Note 2(c)(iv) - Significant accounting policy: Hedge accounting - Cash flow hedge and Note 29.7 - Financial instruments - Hedging activities*.

The Group applied hedge accounting to hedge its cash flows for forward exchange contracts against its cash flows from highly probable forecast sales transactions (hedged items).

Applying hedge accounting is a complex and judgemental area, particularly in assessing the appropriateness of the hedge designation and documentation, the effectiveness of the hedge and the probability of forecast sales transactions.

##### How the matter was addressed in our audit

Our audit procedures included, among others, evaluating whether the forward exchange contracts from valid hedging relationships with the forecast sales transactions. We involved our financial risk management specialists in assessing whether there was a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge at the inception.

We evaluated the probability of the forecast transactions and also ascertained whether the hedging relationship met the hedge effectiveness requirements.

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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PMB TECHNOLOGY BERHAD**

(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)  
*cont'd*

### **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.

### **Responsibilities of 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.

## **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**

- 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.

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, related safeguards.

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

**Ong Beng Seng**  
Approval Number: 02981/05/2022 J  
Chartered Accountant

Petaling Jaya, Malaysia

Date: 13 May 2020



## ANALYSIS OF SHAREHOLDINGS

### AS AT 20 APRIL 2020

Issued Shares : 210,634,650 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	11	0.89	150	negligible
100 to 1,000	182	14.67	118,200	0.06
1,001 to 10,000	637	51.33	2,814,167	1.37
10,001 to 100,000	319	25.70	10,640,633	5.18
100,001 to less than 5% of issued shares	90	7.25	135,474,608	65.89
5% and above of issued shares	2	0.16	56,546,492	27.50
<b>Total</b>	<b>1,241</b>	<b>100.00</b>	<b>205,594,250*</b>	<b>100.00</b>

\* 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 20 April 2020.

## DIRECTORS' SHAREHOLDINGS

### as at 20 April 2020

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital #	No. of Shares Held	% of Issued Capital
Tan Sri Dato' Koon Poh Keong	6,222,500	3.03	42,951,916 <sup>(1)</sup>	20.89
Koon Poh Ming	4,100,500	1.99	40,406,806 <sup>(2)</sup>	19.65
Dato' Koon Poh Tat	10,950,500	5.33	13,594,576 <sup>(3)</sup>	6.61
Koon Poh Weng	4,060,500	1.98	13,604,576 <sup>(4)</sup>	6.62
Ernest Bong Miao Fatt	96,000	0.05	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 via Alpha Milestone Sdn Bhd 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 by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and 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 by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.
- (4) Deemed interested by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his daughter, Koon Sim Ee.

## SUBSTANTIAL SHAREHOLDERS

### AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 20 APRIL 2020

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	20.89	0	0.00
Weng Fatt Stainless Steel Sdn Bhd	13,594,576	6.61	0	0.00
Alpha Milestone Sdn Bhd	0	0.00	42,951,916 <sup>(1)</sup>	20.89
Tan Sri Dato' Koon Poh Keong	6,222,500	3.03	42,951,916 <sup>(2)</sup>	20.89
Koon Poh Ming	4,100,500	1.99	40,406,806 <sup>(3)</sup>	19.65
Dato' Koon Poh Tat	10,950,500	5.33	13,594,576 <sup>(4)</sup>	6.61
Koon Poh Weng	4,060,500	1.98	13,604,576 <sup>(5)</sup>	6.62
Estate of Kuan Poh Fatt	0	0.00	13,594,576 <sup>(4)</sup>	6.61
Koon Poh Kong	0	0.00	13,594,576 <sup>(4)</sup>	6.61
Ong Soo Fan	11,812,230	5.75	32,695,076 <sup>(6)</sup>	15.90
Puan Sri Datin Khoo Ee Pheng	0	0.00	49,174,416 <sup>(7)</sup>	23.92

# 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 via Alpha Milestone Sdn Bhd 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 by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and 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 by virtue of their interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.
- (5) Deemed interested by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his daughter, Koon Sim Ee.
- (6) 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 and by virtue of her spouse's interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.
- (7) Deemed interested in the shares held via Alpha Milestone Sdn Bhd 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.

## THIRTY LARGEST SHAREHOLDERS

### AS AT 20 APRIL 2020

Name of Shareholders		No. of Shares	% of Issued Capital #
1	Press Metal Aluminium Holdings Berhad	42,951,916	20.89
2	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Weng Fatt Stainless Steel Sdn Bhd (Smart)</i>	13,594,576	6.61
3	Huan Boon Peng	10,074,000	4.90
4	Ong Soo Fan	9,812,230	4.77
5	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Saut Mee</i>	9,000,000	4.38
6	Ong Shaw Huat	7,235,302	3.52
7	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i>	6,910,000	3.36
8	Lee Wee Keong (Li Weiqiang)	6,787,100	3.30
9	Ong Sow Mei	6,610,700	3.22
10	Ong Sow Yong	6,569,076	3.19
11	Tan Sri Dato' Koon Poh Keong	6,040,500	2.94
12	Koon Poh Ming	4,100,500	1.99
13	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Dato' Koon Poh Tat (Smart)</i>	4,040,500	1.97
14	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Koon Poh Weng (PB)</i>	4,040,500	1.97
15	Khoo Tiong Keat	3,600,000	1.75
16	Chan Yat Wai	3,294,100	1.60
17	John Koon Tzer Lim	3,000,000	1.46
18	Joyce Koon Hui Ginn	3,000,000	1.46
19	Koon Hui Ling (Carolyn)	3,000,000	1.46
20	Leslie Koon Tzer Peng	3,000,000	1.46
21	Lydia Koon Hui Li	3,000,000	1.46
22	Lim Peng Theng	2,528,400	1.23
23	Chan Poh Leng	2,308,200	1.12
24	Ong Soo Fan	2,000,000	0.97
25	Pauline Ang Lay Kuan	2,000,000	0.97
26	Yap Jong Seng	1,650,000	0.80
27	Chan Yue Leng	1,569,300	0.76
28	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser (6000194)</i>	1,185,000	0.58
29	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Khaw Eng Guan</i>	1,001,800	0.49
30	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	901,000	0.44
<b>Total</b>		<b>174,804,700</b>	<b>85.02</b>

# 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 20 April 2020

## ANALYSIS OF ICULS HOLDINGS

AS AT 20 APRIL 2020

No. of ICULS outstanding : 74,819,150  
 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	1.43	143	negligible
100 to 1,000	66	15.75	46,400	0.06
1,001 to 10,000	201	47.97	1,025,100	1.37
10,001 to 100,000	112	26.73	3,511,257	4.69
100,001 to less than 5% of issued ICULS	29	6.92	28,601,501	38.23
5% and above of issued ICULS	5	1.20	41,634,749	55.65
<b>Total</b>	<b>419</b>	<b>100.00</b>	<b>74,819,150</b>	<b>100.00</b>

### DIRECTORS' ICULS HOLDINGS

as at 20 April 2020

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	1.46	21,475,958 <sup>(1)</sup>	28.70
Koon Poh Ming	30,000	0.04	21,798,803 <sup>(2)</sup>	29.14
Dato' Koon Poh Tat	3,455,000	4.62	6,797,288 <sup>(3)</sup>	9.08
Koon Poh Weng	10,000	0.01	6,802,288 <sup>(4)</sup>	9.09
Ernest Bong Miao Fatt	48,000	0.06	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 via Alpha Milestone Sdn Bhd in Press Metal Aluminium Holdings Berhad, which in turn in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
- (2) Deemed interested in the ICULS by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and 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 by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.
- (4) Deemed interested in the ICULS by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and ICULS held by his daughter, Koon Sim Ee.

## THIRTY LARGEST ICULS HOLDERS

### AS AT 20 APRIL 2020

Name of ICULS Holders		No. of ICULS	% of Issued ICULS
1	Press Metal Aluminium Holdings Berhad	21,475,958	28.70
2	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Weng Fatt Stainless Steel Sdn Bhd (Smart)</i>	6,797,288	9.08
3	Ong Soo Fan	5,540,515	7.40
4	Ong Sow Mei	3,932,400	5.26
5	Ong Sow Yong	3,888,588	5.20
6	Ong Shaw Huat	3,617,651	4.83
7	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i>	3,455,000	4.62
8	Lee Wee Keong (Li Weiqiang)	2,081,500	2.78
9	Chan Yat Wai	2,010,200	2.69
10	John Koon Tzer Lim	1,692,200	2.26
11	Joyce Koon Hui Ginn	1,692,200	2.26
12	Koon Hui Ling (Carolyn)	1,692,200	2.26
13	Leslie Koon Tzer Peng	1,692,200	2.26
14	Lydia Koon Hui Li	1,692,200	2.26
15	Chan Poh Leng	1,486,200	1.99
16	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	1,150,000	1.54
17	Tan Sri Dato' Koon Poh Keong	1,000,000	1.34
18	Ong Soo Fan	1,000,000	1.34
19	Lim Boon Kuan	858,150	1.15
20	Tan Yong San	380,000	0.51
21	Lim Peng Theng	375,000	0.50
22	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Saut Mee (6000010)</i>	320,400	0.43
23	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chia Ai Ling</i>	284,300	0.38
24	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	268,300	0.36
25	United Panels Sdn Bhd	262,800	0.35
26	Low Hing Noi	260,000	0.35
27	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chey Kang Howe (8074762)</i>	216,300	0.29
28	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Leong Yew Cheong</i>	209,800	0.28
29	Ong Sow Mei	187,800	0.25
30	Chan Yue Leng	164,100	0.22
<b>Total</b>		<b>69,683,250</b>	<b>93.14</b>

## ANALYSIS OF WARRANTS HOLDINGS

AS AT 20 APRIL 2020

No. of Warrants outstanding : 38,739,900  
 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	28	6.24	1,195	negligible
100 to 1,000	87	19.38	50,800	0.13
1,001 to 10,000	220	49.00	983,525	2.54
10,001 to 100,000	86	19.15	2,643,005	6.82
100,001 to less than 5% of issued Warrants	24	5.34	16,207,294	41.84
5% and above of issued Warrants	4	0.89	18,854,081	48.67
<b>Total</b>	<b>449</b>	<b>100.00</b>	<b>38,739,900</b>	<b>100.00</b>

### DIRECTORS' WARRANTS HOLDINGS

as at 20 April 2020

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	545,500	1.41	10,737,979 <sup>(1)</sup>	27.72
Koon Poh Ming	15,000	0.04	10,899,402 <sup>(2)</sup>	28.13
Dato' Koon Poh Tat	1,727,500	4.46	3,398,644 <sup>(3)</sup>	8.77
Koon Poh Weng	5,000	0.01	3,401,144 <sup>(4)</sup>	8.78
Ernest Bong Miao Fatt	24,000	0.06	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 via Alpha Milestone Sdn Bhd in Press Metal Aluminium Holdings Berhad, which in turn in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

(2) Deemed interested in the Warrants by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and Warrants 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 Warrants by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.

(4) Deemed interested in the Warrants by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and Warrants held by his daughter, Koon Sim Ee.

## THIRTY LARGEST WARRANTS HOLDERS

### AS AT 20 APRIL 2020

Name of Warrants Holders		No. of Warrants	% of Issued Warrants
1	Press Metal Aluminium Holdings Berhad	10,737,979	27.72
2	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account- AmBank (M) Berhad for Weng Fatt Stainless Steel Sdn Bhd (Smart)</i>	3,398,644	8.77
3	Ong Soo Fan	2,770,258	7.15
4	Ong Sow Mei	1,947,200	5.03
5	Ong Sow Yong	1,894,294	4.89
6	Ong Shaw Huat	1,808,825	4.67
7	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i>	1,727,500	4.46
8	Lee Wee Keong (Li Weiqiang)	1,482,650	3.83
9	John Koon Tzer Lim	846,100	2.18
10	Joyce Koon Hui Ginn	846,100	2.18
11	Koon Hui Ling (Carolyn)	846,100	2.18
12	Leslie Koon Tzer Peng	846,100	2.18
13	Lydia Koon Hui Li	846,100	2.18
14	Chan Yat Wai	753,000	1.94
15	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	675,000	1.74
16	Chan Poh Leng	586,600	1.51
17	Tan Sri Dato' Koon Poh Keong	500,000	1.29
18	Ong Soo Fan	500,000	1.29
19	Huan Mee Kiew	454,000	1.17
20	Lim Boon Kuan	428,675	1.11
21	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i>	250,000	0.65
22	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Wee Fatt (7001112)</i>	150,000	0.39
23	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser (6000194)</i>	150,000	0.39
24	United Panels Sdn Bhd	131,400	0.34
25	Low Hing Noi	130,000	0.34
26	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiang Soak Hoong (7001002)</i>	123,700	0.32
27	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Hung Thiam (7000997)</i>	123,000	0.32
28	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chey Kang Howe (8074762)</i>	108,150	0.28
29	Lee Ming Chuin	98,552	0.26
30	Ong Sow Mei	93,900	0.24
<b>Total</b>		<b>35,253,827</b>	<b>91.00</b>

## LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2019

Proprietor	Location	Description/ Age (Year)/ Acquisition Date	Existing Use	Tenure	Area sq. ft.	Net Book Value as at 31.12.2019 RM'000
PMB Silicon Sdn Bhd	Lot 322, Block 1 Kemena Land District Sarawak	Leasehold land and building 1 year 27/11/2018	Factory	Leasehold for 59 years expiring 26/11/2078	6,845,847	147,200
PMB Silicon Sdn Bhd	Parcel No. 05-03A (Type A) Parent Lot 76, 77 and 8452 of Block 31 Kemena Land District Sarawak	Condominium 5 years 03/12/2019	Tenanted	Leasehold for 55 years expiring 11/05/2074	2,026	910
PMB Silicon Sdn Bhd	Parcel No. 04-03A (Type A) Parent Lot 76, 77 and 8452 of Block 31 Kemena Land District Sarawak	Condominium 5 years 03/12/2019	Tenanted	Leasehold for 55 years expiring 11/05/2074	2,026	890
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 11 years 26/09/2008	Vacant	Leasehold for 78 years expiring 30/03/2097	609,838	6,528
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 11 years 26/09/2008	Vacant	Leasehold for 78 years expiring 30/03/2097	1,219,680	13,570
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 11 years 18/01/2012	Vacant	Leasehold for 78 years expiring 30/03/2097	1,503,348	15,884
PMB Facade Technology Sdn Bhd	Lot 1804, Mukim of Cheras Daerah Hulu Langat Selangor Darul Ehsan	Freehold land and building 14 years 16/12/2005	Factory cum office	Freehold	89,821	4,833
Everlast Aluminium (M) Sdn Bhd	Lot 1797, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Freehold land and building 25 years 12/07/1994	Factory cum office	Freehold	83,036	5,713
Everlast Aluminium (M) Sdn Bhd	Lot 1798, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 23 years 29/03/1996	Factory cum office	Leasehold for 46 years expiring 02/09/2065	77,591	3,813
Everlast Access Technologies Sdn Bhd	HS (D) 38463, Lot 2826, Mukim 01 Daerah Seberang Perai Tengah Negeri Pulau Pinang	Leasehold land and building 45 years 25/10/2016	Factory cum office	Leasehold for 15 years expiring 29/08/2034	449,922	15,190



## 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](http://www.pmbtechnology.com)  
Email : [enquiry@pmbtechnology.com](mailto: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](http://www.everlas.com)  
Email : [everlas@everlas.com](mailto: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](http://www.qaccess-scaffold.com)  
Email : [marketing@qaccess-scaffold.com](mailto: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](http://www.pmbfacade.com)  
Email : [pmbfacade@pmbfacade.com](mailto: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](mailto:info@pmbc.com.hk)

### **EVERLAST SYSTEM BUILDER SDN. BHD.**

(Company Registration No. 201801030428 (1292454-H))

### **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. / Company No. \_\_\_\_\_

of \_\_\_\_\_

and telephone no./email address \_\_\_\_\_

being a member/members of **PMB TECHNOLOGY BERHAD**, hereby appoint:-

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/\*or failing him/her (\*delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
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 Eighteenth Annual General Meeting ("18<sup>th</sup> AGM") of the Company to be conducted fully virtual on Thursday, 11 June 2020 at 2.30 p.m. or at any adjournment thereof and \*my/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS			FOR	AGAINST
1.	To approve the payment of Directors' fees and benefits payable to the Independent Non-Executive Directors of up to an aggregate amount of RM170,000 for the financial year ending 31 December 2020.	Ordinary Resolution 1		
2.	Re-election of Dato' Koon Poh Tat as Director.	Ordinary Resolution 2		
3.	Re-election of Mr Ernest Bong Miao Fatt as Director.	Ordinary Resolution 3		
4.	Re-election of Mr Loo Lean Hock as Director.	Ordinary Resolution 4		
5.	Re-appointment of KPMG PLT as Auditors of the Company.	Ordinary Resolution 5		
6.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 6		
7.	Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director.	Ordinary Resolution 7		
8.	Authority for Ernest Bong Miao Fatt to continue in office as Independent Non-Executive Director.	Ordinary Resolution 8		
9.	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 9		
10.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 10		

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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*By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 May 2020.*