



PMB TECHNOLOGY BERHAD

Registration No. 200201016594 (584257-X)

ANNUAL REPORT 2020

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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 Miao Fatt
Independent Non-Executive Director

Noor Alina Binti Mohamad Faiz
Independent Non-Executive Director

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARIES

Tai Yit Chan (*MAICSA 7009143*)
(*SSM PC No. 202008001023*)
Tan Ai Ning (*MAICSA 7015852*)
(*SSM PC No. 202008000067*)

SHARE REGISTRAR

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

PRINCIPAL BANKERS

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

AUDITORS

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

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia
Securities Berhad

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting (“**19th AGM**”) of PMB Technology Berhad will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities via TIIH Online website at <https://tiih.online> from 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 (“**Broadcast Venue**”) on Tuesday, 29 June 2021 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 2020 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 2021. **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) Mr Koon Poh Ming **Ordinary Resolution 2 (Please refer to Note 3 of the Explanatory Notes)**
 - (ii) Mr Koon Poh Weng **Ordinary Resolution 3 (Please refer to Note 3 of the Explanatory Notes)**
4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

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

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

“THAT pursuant to Section 76 of the Act, 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 (“**AGM**”) and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.”

Ordinary Resolution 5 (Please refer to Note 4 of the Explanatory Notes)
6. **Authority for Mr Loo Lean Hock to continue in office as Independent Non-Executive Director**

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

Ordinary Resolution 6 (Please refer to Note 5 of the Explanatory Notes)

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

cont'd

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

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

Ordinary Resolution 7
(Please refer to Note 6 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 of a Revenue or Trading Nature for PMB Technology Berhad and its subsidiaries ("Proposed Shareholders' Mandate")**

"THAT approval be and is hereby given to the Company and its subsidiaries ("PMBT Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 28 May 2021 which are necessary for the PMBT Group's day-to-day operations subject to the following:

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

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

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

whichever is the earlier.

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

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

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

cont'd

9. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")**

"THAT subject to the 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 2020 to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

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

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

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

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

whichever occurs first.

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

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

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

cont'd

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

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

10. Proposed Amendments to the existing Constitution of the Company ("Proposed Amendments")

"THAT the proposed amendments to the existing Constitution of the Company, as set out in Part C of the Circular to Shareholders dated 28 May 2021, be and are hereby approved and adopted, with immediate effect.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments in any manner as the Directors may deem fit."

Special Resolution
(Please refer to Note 9 of the Explanatory Notes)

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

BY ORDER OF THE BOARD

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

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

Company Secretaries

Selangor Darul Ehsan

Date: 28 May 2021

NOTES:

1. The 19th AGM of the Company will be conducted fully virtual through live streaming and online remote voting via 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 for the 19th AGM which is available at <http://www.pmbtechnology.com/investors-relation/> in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which stipulates that the Chairman of meeting shall be present at the main venue of the 19th AGM. **NO shareholders/proxies/corporate representatives** will be allowed to physically present at the Broadcast Venue on the day of the 19th AGM.
3. Members may submit questions to the Board of Directors prior to the 19th 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 Sunday, 27 June 2021 or to use the query box to transmit questions to Board of Directors via RPV facilities during live streaming.
4. Since the 19th AGM will be conducted virtually in its entirety, a Member entitled to participate and vote at the meeting may appoint his/her proxy or the Chairman of the 19th 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.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

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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 19th 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, Wilayah Persekutuan Kuala Lumpur, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.
 - ii) By Tricor Online System (TIH Online)
The Form of Proxy can be electronically submitted via TIH Online website at <https://tihi.online>. Kindly refer to the Administrative Details for the 19th AGM for further information.
9. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 June 2021 (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 19th AGM of the Company shall be put to vote by way of poll.

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

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

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

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

The total amount of 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 2021.

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

Pursuant to Malaysian Code on Corporate Governance 2021, the profiles of the Directors who are standing for re-election as per Agenda items are as follow:

| Description | Ordinary Resolution 2 |
|---|---|
| Name | Koon Poh Ming (Executive Director and Chief Executive Officer) |
| Age | 64 |
| Gender | Male |
| Present Directorship(s) | (1) PMB Technology Berhad (2) Press Metal Aluminium Holdings Berhad |
| Family relationship with any Director and/or major shareholder of the Company | 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. |
| Working experience | Mr Koon Poh Ming, a co-founder and presently acts as the Chief Executive Officer of the Company. He is a professional engineer registered with the Board of Engineers, Malaysia and The Institute of Engineers, Malaysia. He has been actively involved in the Primary Aluminium Industries as well as Engineering and Fabrication Industries for more than 30 years. |

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

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The Board based on the recommendation of Nomination Committee, supports the re-election of Mr Koon Poh Ming as Executive Director of the Company based on the following justifications:

1. Mr Koon Poh Ming has been actively involved in the Primary Aluminium Industries as well as Engineering and Fabrication Industries for more than 30 years. He is familiar with the Company's business operation and able to provide valuable input to steer the Company forward.
2. Mr Koon Poh Ming has exercised his due care and carried out his professional duties proficiently during his tenure as Executive Director as well as the Chief Executive Officer of the Company.

| Description | Ordinary Resolution 2 |
|---|--|
| Name | Koon Poh Weng (Executive Director) |
| Age | 65 |
| Gender | Male |
| Present Directorship(s) | (1) PMB Technology Berhad (2) Press Metal Aluminium Holdings Berhad |
| Family relationship with any Director and/or major shareholder of the Company | He is the brother to Tan Sri Dato' Koon Poh Keong, Koon Poh Ming and Dato' Koon Poh Tat as well as a major shareholder of the Company. |
| Working experience | Mr Koon Poh Weng, a co-founder of the Company and has extensive experience in the management of major projects throughout the country. He has been responsible for all aspects of the management and producing satisfactory results on large variety of projects ranging from schools, government complexes to prominent hotels. |

The Board based on the recommendation of Nomination Committee, supports the re-election of Mr Koon Poh Weng as Executive Director of the Company based on the following justifications:

1. Mr Koon Poh Weng has been actively involved in the management of major projects throughout the country. He is also familiar with the Company's business operation and able to provide valuable input to steer the Company forward.
2. Mr Koon Poh Weng has exercised his due care and carried out his professional duties proficiently during his tenure as Executive Director of the Company.

4. Ordinary Resolution 5 on Authority under Section 76 of the Act for the Directors to allot and issue shares

The Company had, during its Eighteenth AGM held on 11 June 2020, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 5 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 PMBT Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

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

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

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5. Ordinary Resolution 6 on Authority for Mr 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 6.

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

6. Ordinary Resolution 7 on Authority for Mr 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 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 office.

7. Ordinary Resolution 8 on Proposed Shareholders' Mandate

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

For further information on Ordinary Resolution 8, please refer to Part A of the Circular to Shareholders dated 28 May 2021 accompanying the Annual Report of the Company for the financial year ended 31 December 2020.

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

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

For further information on Ordinary Resolution 9, please refer to Part B of the Circular to Shareholders dated 28 May 2021 accompanying the Annual Report of the Company for the financial year ended 31 December 2020.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

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9. **Special Resolution on Proposed Amendments**

The proposed Special Resolution, if passed, will render the Constitution of the Company to enhance administrative efficiency and provide greater clarity as well as to ensure compliance with the relevant statutory requirements so as to update in accordance to the latest development of governance.

Further information on the Proposed Amendments to the Constitution is set out in Part C of the Circular to Shareholders dated 28 May 2021 accompanying the Annual Report of the Company for the financial year ended 31 December 2020.

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 60)*

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

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



KOON POH MING

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

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

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

PROFILE OF DIRECTORS

cont'd



KOON POH WENG

*Executive Director
(Malaysian, Male, Aged 65)*

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

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



DATO' KOON POH TAT

*Executive Director
(Malaysian, Male, Aged 61)*

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

He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong and Koon Poh Weng as well as a 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 61)*

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

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

He started his professional career in Coopers & Lybrand from 1980 to 1990. He joined Press Metal Berhad (a subsidiary of Press Metal Aluminium Holdings Berhad) in 1990 as the Financial Controller. After that, he joined the Crown Princess Kuala Lumpur (a hotel division of Asia Pacific Land Berhad) as the Financial Controller. He set up his own auditing firm, L.H. Loo & Co. in 1993 and joint partnership in LG & Partners Plt in 2018. He is also a director of L.H. Loo Taxation Services Sdn. Bhd., LVIO Precision Sdn. Bhd. and IQX Technologies Sdn. Bhd. 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 65)*

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 four (4) 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 39 years since 1981. He is a registered competent person for elevators with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia.

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

PROFILE OF DIRECTORS

cont'd



NOOR ALINA BINTI MOHAMAD FAIZ

*Independent Non-Executive
(Malaysian, Female, Aged 46)*

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 four (4) Board meetings during the financial year. Presently, she also acts as an Independent Non-Executive Director of Press Metal Aluminium Holdings Berhad.

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

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

PROFILE OF KEY SENIOR MANAGEMENT

Profiles of Mr. Koon Poh Ming, Mr. Koon Poh Weng and Dato' Koon Poh Tat are set out on pages 11 to 12 of this Annual Report.

GROUP STRUCTURE



GROUP STRUCTURE

cont'd

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

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

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors which satisfy the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance 2017. 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”), 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. A copy of the Terms of Reference is available on the Company’s website at www.pmbtechnology.com.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2020, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:-

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

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 2020 were as follows:-

1. Financial Reporting

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

| Subject | Date of Meeting |
|--|------------------|
| Unaudited financial results for the fourth quarter ended 31 December 2019 and special dividend for the financial year ended 31 December 2019 | 24 February 2020 |
| Unaudited financial results for the first quarter ended 31 March 2020 | 4 June 2020 |
| Unaudited financial results for the second quarter ended 30 June 2020 | 18 August 2020 |
| Unaudited financial results for the third quarter ended 30 September 2020 | 26 November 2020 |

For the declaration of special 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 2019 before recommending the same to the Board for approval.

The review focused primarily on:-

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

2. External Audit

- (a) Reviewed and discussed with the External Auditors the following:
- The performance, suitability and independence of the External Auditors based on among others, the External Auditors' technical competency and audit independence, objectivity and professional skepticism before recommending to the Board their re-appointment and remuneration. The External Auditors provide an annual confirmation of their independence in accordance with the terms of their professional and regulatory requirements; and
 - The status of audit for the financial year ended 31 December 2019 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 2020.
- (c) Met with the External Auditors twice during the financial year, i.e. on 24 February 2020 and 26 November 2020 respectively without the presence of any executive Board members and Management to ensure there were no restrictions on their scope of audit and to discuss any matters that the auditors did not wish to raise in the presence of the Management. During the private sessions with the External Auditors, it was noted that there were no major concerns from the External Auditors and they had been receiving full cooperation from the management during their course of audit.
- (d) Reviewed and approved the scope of non-audit services provided by the External Auditors to ensure there was no impairment of independence.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF THE COMMITTEE *cont'd*

3. Internal Audit

- (a) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency.
- (b) Reviewed and approved the Internal Audit Plan for 2020 to ensure that high risk areas and key process were adequately identified and covered in the plan.
- (c) Reviewed the internal audit reports including follow-up report presented by the Internal Auditors and considered the major findings by the Internal Auditors and management's responses on each of the issues arising from the internal audit as to improve and enhance the systems of internal control of the Group. Amongst others, the following key audit areas were duly reviewed by the Internal Auditors during the financial year under review:-
 - revenue cycle, production planning and controls, inventory management, manufacturing operations, quality assurance and project management.
 - follow up audit on:-
 - revenue and purchasing cycle; and
 - environmental, health and safety management and security management.
- (d) Monitored the implementation of mitigating actions taken by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.
- (e) Met with the Internal Auditors twice during the financial year, i.e. on 24 February 2020 and 18 August 2020 respectively without the presence of any executive Board members and the Management for discussion on audit related matters. The issues highlighted by the Internal Auditors during the private meetings were conveyed to the Management for further action.

4. Risk Management and Internal Control

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

5. Related Party Transactions

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

6. Others

- (a) Reported to and updated the Board on significant issues and concerns discussed during the Audit Committee meetings and where appropriate, made the necessary recommendation to the Board.
- (b) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to recommending for Board's approval and inclusion in the Company's Annual Report.
- (c) Reviewed the Aging Report on quarterly basis.
- (d) Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the financial year ended 31 December 2019.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF THE COMMITTEE cont'd

6. Others cont'd

- (e) Reviewed and recommended to the Board on the revised Terms of Reference of Audit Committee, Whistle-Blowing Policy and Risk Management Policy.
- (f) Reviewed and recommended to the Board on the Anti-Bribery and Anti-Corruption Policy.

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

INTERNAL AUDIT FUNCTION

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

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

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

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

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

| Name of entity | Auditable areas |
|--|--|
| PMB Silicon Sdn. Bhd. | Production planning and controls and inventory management |
| PMB Façade Technologies Sdn. Bhd. | Project management and revenue cycle |
| Everlast Access Technologies Sdn. Bhd. | Inventory management, manufacturing operations and quality assurance |

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

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

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 31 December 2020 was RM61,308.60 (2019 : RM53,277.72).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

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

PMBT Group complements the activities of its corporate shareholder, Press Metal Aluminium Holdings Berhad ("PMAH"), which is the only aluminium smelter and the largest producer of aluminium extrusion in Malaysia.

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

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

MANUFACTURING AND TRADING SEGMENT

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

These business activities are undertaken by the following subsidiary companies:

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

CONSTRUCTION AND FABRICATION SEGMENT

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

The subsidiary companies included in this business segment are:

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

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

METALLIC SILICON

The metallic silicon manufacturing is undertaken by one of our subsidiaries i.e. PMB Silicon Sdn. Bhd. ("PMB Silicon"). PMB Silicon focuses on producing high-purity 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 2020, PMB Silicon completed Phase 2 of furnace installation which has successfully increased the annual capacity to 72,000MT. The production plant is constantly improving its facilities to cater to global customers higher up in the value chain. Within the same year, PMB Silicon has successfully secured long term contracts with industry leaders in the Primary Aluminium sector, Chemical sector and the Polysilicon sector.

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 low cost producer.

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.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

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

ALUMINIUM CURTAIN WALL AND CLADDING

The Group offers a one stop centre, from conceptual design to complete installation and commissioning of the products and services. 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.

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

ALUMINIUM SYSTEM FORMWORK

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

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

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 develop 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 fulfill 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

cont'd

- **Scaffold tower**

Aluminium scaffold tower is a growing industry due to its lightweight and non-corrosive nature. PMBT Group is the largest scaffold manufacturer in Malaysia and has been consistently exporting to neighbouring countries 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 2017, 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.

Sinoboom, PMBT Group secured a supply relationship with Sinoboom China. With building and warehouse facilities improving in design and function, Sinoboom China continues to be at the forefront of innovation and a reliable partner for service and maintenance of the Aerial access Machineries



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

OBJECTIVES & STRATEGIES

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

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

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

FINANCIAL PERFORMANCE

The Group recorded a revenue of RM604.8 million for the year ended 31 December 2020, representing an increase of 51% from RM399.7 million recorded for the year ended 31 December 2019.

The increase in revenue was mainly due to the contribution from the metallic silicon plant under the Manufacturing and Trading segment upon the operation commencement of Phase 2 in the fourth quarter of year 2020.

With higher revenue, excluding the one-off gain on disposal of the subsidiaries and the discontinued operations totalling RM12.9 million recorded in FYE 2019, the Group's profit after tax increased from RM14.8 million to RM22.7 million.

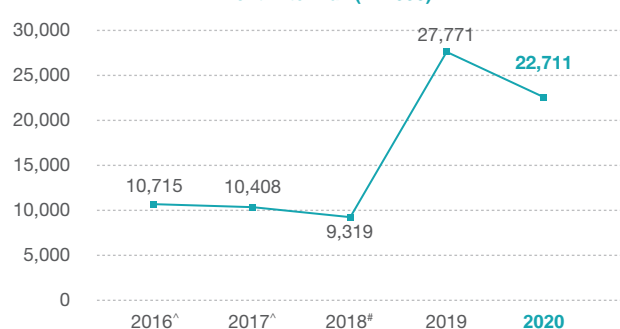
Statement of comprehensive income

| | 2016 [^] | 2017 [^] | 2018 [#] | 2019 | 2020 |
|---|-------------------|-------------------|-------------------|---------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 371,030 | 497,467 | 285,526 | 399,746 | 604,811 |
| Profit before tax | 13,293 | 14,423 | 10,747 | 20,397 | 24,644 |
| Taxation | 2,578 | 4,015 | 3,894 | 5,551 | 1,933 |
| Profit after tax | 10,715 | 10,408 | 9,319 | 27,771 | 22,711 |
| - Continuing operations | | | 6,853 | 14,846 | 22,711 |
| - Discontinued operations | | | 2,466 | 12,925 | - |
| Dividends | 3,099 | 3,099 | 2,340 | 5,657 | 3,071 |
| Earnings per share (sen) * | 13.83 | 6.72 | 5.95 | 13.58 | 11.06 |
| Dividend payment as % of profit after tax | 29% | 30% | 25% | 20% | 14% |

Revenue (RM'000)



Profit After Tax (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Statement of financial position and liquidity

| | 2016 [^] RM'000 | 2017 [^] RM'000 | 2018 [#] RM'000 | 2019 RM'000 | 2020 RM'000 |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------|----------------|
| Total assets | 360,052 | 431,147 | 775,811 | 1,137,759 | 1,163,937 |
| Net current assets | 78,153 | 69,509 | 57,495 | 89,370 | 60,676 |
| Shareholders' equity | 153,696 | 156,792 | 357,683 | 534,833 | 557,786 |
| Retained earnings | 101,435 | 108,744 | 115,016 | 137,094 | 156,312 |
| Net asset per share (RM) * | 1.98 | 1.01 | 2.28 | 2.61 | 2.72 |
| Debt-to-equity ratio | 0.40 | 0.60 | 0.60 | 0.66 | 0.72 |

* Weighted average number of ordinary shares 77,479,800 154,959,600 156,574,150 204,630,150 205,347,406


The financial results were represented to exclude the discontinued operations

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


Net assets per share

| | | | |
|--------|------|--|------|
| RM2.72 | 2020 |  | 4.2% |
| RM2.61 | 2019 | | |

Total assets

| | | | |
|---------------|------|--|------|
| RM1,163.9 Mil | 2020 |  | 2.3% |
| RM1,137.8 Mil | 2019 | | |

Shareholders' equity

| | | | |
|-------------|------|--|------|
| RM557.8 Mil | 2020 |  | 4.3% |
| RM534.8 Mil | 2019 | | |

REVIEW OF OPERATING ACTIVITIES AND STRATEGIES

The Group's foray into the metallic silicon business marks its entry in the commodity market. The manufacturing of metallic silicon has become the Group's primary business activity with both Phase 1 and Phase 2 of the Metallic Silicon Plant operating in full capacity in the fourth quarter of 2020, with a design output of up to 72,000MT per annum. The aluminium related businesses remain an integral part of the Group's operations.

The global economy started to pick up following the gradual recovery from the Covid-19 pandemic, mainly supported by the increased spending by governments around the world, primarily through the infrastructure projects. Supported by higher demand, the commodity prices of metallic silicon have been on an upward trend since the second half of the year.

The boon from higher commodity prices came with the bane of higher operating costs. While spending by the private sector on consumer products and government on infrastructure projects have had a favourably impact on revenue for the Group, it had to contend with key challenges such as volatility of the foreign exchange rates especially USD and elevated logistics cost among others which have contributed to the increase in operating expenses. To partially mitigate the risk of fluctuation in foreign currency rates, the Group entered into long term forward exchange contracts to hedge its export sales proceeds and making payment for raw materials in the same foreign currency as the sales proceeds as a natural hedge mechanism.

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

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY DEVELOPMENT

The Group had successfully commenced the operation for Phase 2 of the metallic silicon plant in the fourth quarter of year 2020 to double-up its annual capacity to 72,000MT. The total capital expenditure of Phase 2 of the Metallic Silicon Plant is approximately RM300 million.

The acquisition of all that piece of freehold land held under Geran Mukim No. Hakmilik 4489, No. Lot 101862, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 7,304 square meter in area ("Project Land"), for a total cash purchase consideration of Ringgit Malaysia Thirty Million (RM30,000,000.00) only by PMB Land (Sg. Besi) Sdn Bhd (formerly known as Everlast System Builder Sdn. Bhd.), a wholly-owned subsidiary of the Company was completed on 5 January 2021.

The acquisition of the Project Land has been identified as the Group's upward integration into property development to complement its existing business of aluminium system formwork and building facade system provider. The Board believes that the inclusion of this property development would contribute positively to the Group's future earnings, improve its financial position and enhance the Group's profitability and returns on shareholders' funds.

GOING FORWARD

The global economy had undergone an unprecedented phenomenon in the form of a global pandemic that plunged many sectors into protracted financial difficulties. Movement control has been instituted by countries the world over with varying effectiveness largely due the extent of enforcement measures undertaken. Fiscal and monetary tools are seen to be taken to ease public burden and propel the economy in the path of recovery. The rollout of vaccines has given a breath of hope for some form of normalcy in days to come.

Protectionism policies and measures like imposing punitive tariffs by powerful economies have created trade tension with economies affected by such measures. Global trade is also made more discerning with players expected to subscribe to sustainability elements of Environmental, Social and Governance in their business practices.

The Group takes cognisance of the challenges in the business environment exacerbated by the pandemic by taking the necessary measures to ensure that it remain resilient. Alternative and cheaper sources of materials are continuously procured. Concurrently, business opportunities are being actively sought after in sustainable ventures. The Group will also focus on improving efficiency and productivity by strengthening its processes and investing in technology.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of PMB Technology Berhad (“**PMBT**” or the “**Company**”) is dedicated towards fostering a healthy corporate governance culture within the Company and its subsidiaries (collectively referred to as the “**Group**”). The Board acknowledges that upholding good corporate governance is paramount to its value creation process. The Board believes that maintaining good corporate governance is key to delivering stakeholders’ value. In making this Corporate Governance Overview Statement, the Company is guided by Practice Note 9 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and the Corporate Governance Guide (3rd 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 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*).

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 2020, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2021. The Board, together with Management, reviewed the Group’s strategy and the Board had satisfied itself that all appropriate considerations have been taken into account in the formulation of the Group’s strategy.

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

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

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

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

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

3. Company Secretary

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

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

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

4. Supply and Access to Information

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT *cont'd*

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

I. Board Responsibilities *cont'd*

4. Supply and Access to Information *cont'd*

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

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

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

5. Board Charter

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

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

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

6. Code of Conduct and Code of Ethics

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

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

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

7. Whistle-Blowing Policy

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. Board Responsibilities cont'd

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 2020 are disclosed on pages 49 to 76 of this Annual Report.

10. Anti-bribery and Anti-corruption Policy

The Company has on 28 May 2020 adopted an Anti-bribery and Anti-corruption Policy ("**ABAC Policy**"). This is to introduce corporate liability provision for bribery and corruption under Section 17A (1) of The Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**") which come into effect on 1 June 2020. Section 17A of the MACC Act imposes a criminal liability on the commercial organisation if a person associated to it corruptly gives any gratification with the intent to obtain or retain business or an advantage for the commercial organisation unless it can be proven that adequate procedures have been put in place. To prevent corrupt practices or activities, policies and procedures has been established and implemented with a measure of assurance and a defense against corporate liability for corruption. The relevant trainings have also been provided to all the employees for the understanding and adherence of the ABAC Policy. The ABAC Policy is available on the Company's website at www.pmbtechnology.com.

II. Board Composition

1. Board Composition and Balance

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

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

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

The profile of each Director is set out on pages 11 to 14 of this Annual Report.

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 metallic silicon, access equipment or other aluminium related products.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. Board Composition *cont'd*

2. Board Independence *cont'd*

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 MCG 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 23 February 2021, 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 Nineteenth 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

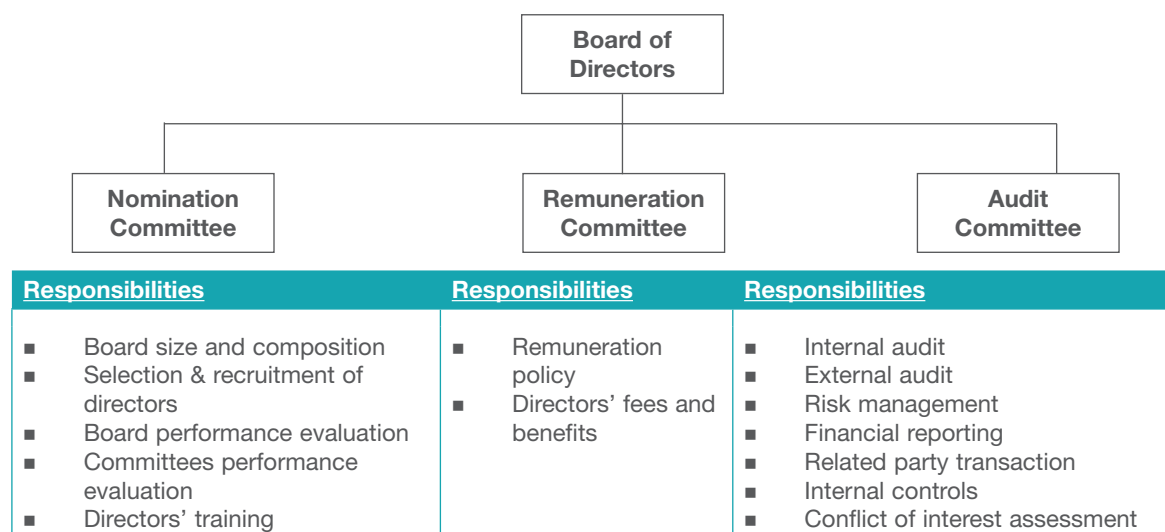
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PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

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

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

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

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

| Name | Designation |
|---|-------------|
| Loo Lean Hock (Senior Independent Non-Executive Director) | Chairman |
| Ernest Bong 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:

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

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

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

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

During the financial year 2020, the Nomination Committee had held one (1) meeting and was attended by all its members to carry out the following activities:-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

6. Diversity

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

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

| CATEGORY OF EMPLOYEES | Female | Male | Total |
|-------------------------------|-----------|------------|------------|
| Non-Executive | 40 | 263 | 303 |
| Executive | 35 | 46 | 81 |
| Managerial | 15 | 28 | 43 |
| Total No. of Employees | 90 | 337 | 427 |

7. Board Assessment and Annual Evaluation

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

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

From the performance assessment conducted by the Nomination Committee on 23 February 2021, it was concluded that the Board as a whole, Board Committees and individual Directors have discharged their respective roles and responsibilities in a commendable manner. The Board was also comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix. All the Directors have diverse and relevant range of skills, background, knowledge and experience to give insight opinions on decision-making for the Group; and the Chairman possesses the leadership to safeguard the stakeholders' interest.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. Board Composition cont'd

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 Mr Koon Poh Ming and Mr Koon Poh Weng as Directors pursuant to Clause 95 of the Constitution of the Company, at the forthcoming Nineteenth AGM and being eligible, they have offered themselves for re-election.

9. Directors' Training

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

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

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

- Raising Defenses: Section 17A, MACC Act
- Sustainability Management by representative of AGV Sustainability and ESG Services Sdn Bhd
- CTIM Budget Seminar Webinar
- CTIM National Tax Conference Webinar
- Boardroom's Prihatin Plus Webinar

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

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.

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 comprises wholly Independent Non-Executive Directors, as follows:

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

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

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

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

The level of remuneration for Senior Management is recommended by the Remuneration Committee to the Board after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. The Remuneration Policy was reviewed and approved by the Board on 24 February 2020 is available at the Company website, www.pmbtechnology.com.

In view of the global economy is in recession due to the outbreak of COVID-19, the Executive Directors had voluntarily reduced their salary for 6 months during the year 2020. The details of the Directors' Remuneration for the financial year ended 31 December 2020 are disclosed in the Corporate Governance Report under Practice 7.1.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

1. Composition

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

The Audit Committee comprises three (3) members all of whom are Independent Non-Executive Directors, with Mr Loo Lean Hock as the Audit Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, number of meetings and attendance of Audit Committee, summary of Audit Committee activities and Internal Auditors' activities during the financial year under review are set out on pages 17 to 20 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.

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 2021.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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 page 20 of this Annual Report.

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

I. Communication with Stakeholders

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. Communication with Stakeholders cont'd

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 Corporate Disclosure Policies and Procedure and is available on the Company website, 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.

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

Due to the COVID-19 outbreak and as part of the safety measures, the Company had conducted its first fully virtual AGM, i.e. Eighteenth AGM ("18th AGM") through live streaming from the broadcast venue using Remote Participation and Voting facilities ("RPV facilities"). This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders used the RPV facilities to participate (including pose and submit questions to the Board in real time via typed texts) and vote remotely at the 18th AGM. As the 18th AGM is a fully virtual AGM, shareholder who is unable to participate in the meeting had appointed his/her proxy or Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

All the Directors were in attendance during the 18th AGM. However, due to the restrictions imposed by the Government and Securities Commission Malaysia, only limited essential individuals such as Chairman of the Board, Chairman of Audit Committee, CEO, Financial Controller and Company Secretary were physically present at the broadcast venue, while the rest of the Directors and meeting participants including External Auditors participated the meeting remotely.

In compliance with the Listing Requirements, all resolutions set out in the Notice of 18th AGM were voted by poll via RPV facilities. The Company also appointed an independent scrutineer to validate the votes cast before the poll results is announced by the Chairman of the meeting.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

FOCUS AREAS ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2020 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices. Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised would be those principles that have yet to be adopted by the Company as disclosed in the Corporate Governance Report 2020.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 27 May 2021.

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

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

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

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

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 2020 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 Aluminium Sdn. Bhd. (formerly known as PMB (Klang) Sdn. Bhd. ("**PMBA**"), 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 PMBA for a total cash consideration of RM43,182,000.
- b) A conditional sale and purchase of shares agreement entered into between the Company and PMBA on 29 October 2019 for disposal of the entire equity interest in PMB Aluminium Sabah Sdn. Bhd. to PMBA, 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 2020, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors, KPMG PLT and two firms affiliated to KPMG PLT are as follows:

| | Company (RM'000) | Group (RM'000) |
|--|---------------------|-------------------|
| Audit Fees | 75 | 269 |
| Non-Audit Fees | | |
| - Review of the Statement on Risk Management and Internal Control | 25 | 25 |
| - Sustainability advisory services in relation to Sustainability Reporting | 35 | 35 |
| - Tax fees | 6 | 6 |
| Total | 141 | 335 |

(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 2020 are stated in Section 2.2 and Section 2.3 of the Circular to Shareholders dated 28 May 2021 and Note 31 of the Financial Statements.

(4) *Utilisation of Proceeds*

On 19 December 2019, the Company had completed the Proposed Disposals of discontinued operation ("**Disposals**").

As at 30 June 2020, the proceeds RM44,386,000 raised from the Disposals had been fully utilised.

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

SUSTAINABILITY STATEMENT

This Sustainability Statement (SS) has been prepared in accordance with Main Market Listing Requirements on Sustainability Reporting through the Sustainability Reporting Guide (2nd Edition) and guidelines & toolkits by Bursa Malaysia Securities Berhad (Bursa Malaysia). The following are other references used throughout the development:

- Global Reporting Initiative (GRI) Standards
- FTSE4Good Bursa Malaysia Index (FTSE4Good) Criteria
- United Nations Sustainable Development Goals (SDG)

REPORTING PERIOD

PMB Technology Berhad (PMBT or the Group) publishes sustainability statements annually within the Group's Annual Report. These contain non-financial information pertaining to PMBT's financial year from 1 January 2020 to 31 December 2020 (FY2020), unless otherwise stated. Prior years' data have been disclosed as indicated for performance monitoring and comparative purposes.

REPORTING BOUNDARY

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

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

To extend beyond financial reporting, the SS discusses non-financial performance indicators, risks, opportunities and outcomes relevant to our business and stakeholders, which have a significant influence on PMBT's ability to create value. The SS covers Environmental, Social and Governance (ESG) matters within PMBT's operations and contains forward-looking statements with respect to the Group's activities. As there is a constant shift in business environments, actual developments could differ from the results implied.

REPORTING EXCLUSIONS & CHANGES

Aside from the addition of more data and information from the establishment and completion of PMBT's metallic silicon smelting plant in Samalaju Industrial Park, Sarawak in the fourth (4th) quarter of FY2020, there have been no major exclusions or changes in reporting since the last SS published within the Group's 2019 Annual Report. The content has however incorporated the impact of the COVID-19 pandemic and been restructured to better relay PMBT's efforts and other operational changes where relevant.

REPORTING ASSURANCE & TARGET READERS

PMBT has not obtained external assurance for the sustainability indicators disclosed in this SS. The Group acknowledges the credibility of an independent verification and will consider obtaining sustainability assurance in the future when data collection processes for the metallic silicon plant is more robust. This SS intends to address the impacts of PMBT's sustainability matters on both internal and external stakeholders.

PROGRESS THROUGH THE PANDEMIC

As the world started to embrace the new normal from the gradual flattening of the infection curve, Malaysia began reporting spikes in cases towards the second half of FY2020. The nation was then required to tighten measures for the fight against COVID-19. PMBT is aware that usual business operations are no longer an option for long-term sustainability and will continually explore opportunities to broaden the Group's revenue stream and optimise cost structures. The Group is optimistic that with a robust business strategy, future value created for stakeholders may be enhanced.

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

SUSTAINABILITY STATEMENT

cont'd

SUSTAINABILITY GOVERNANCE

The concept of ESG and how businesses manage impending impacts and uncover opportunities is continually evolving. PMBT recognises the importance to innovate and promote the integration of sustainability throughout the Group's activities. The Sustainability Policy is driven by PMBT's Management team that have engaged in the development of priorities across three (3) sustainability themes.

Board of Directors (BOD or the Board)

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

Chief Executive Officer (CEO)

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

Sustainability Working Group (SWG)

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

SUSTAINABILITY POLICY

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

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

STAKEHOLDER ENGAGEMENT

Stakeholders are varied and numerous throughout all business activities. The Group aims to understand their impact through regular engagements across various customers, investors, regulators, employees, suppliers, business partners and the local communities in which PMBT operates. Through the products developed and relationships PMBT has built, the Group strives to work strategically with all stakeholders to fulfill a greater sense of purpose. Our periodic engagement sessions are essential for the evaluation of ESG issues that have an impact of the business and influence stakeholder decisions. By addressing their matters of concern, PMBT can better the Group's strategic priorities in managing ESG-related risks and opportunities.

SUSTAINABILITY STATEMENT

cont'd

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

SUSTAINABILITY STATEMENT

cont'd

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

For further information, please refer to the following pages:

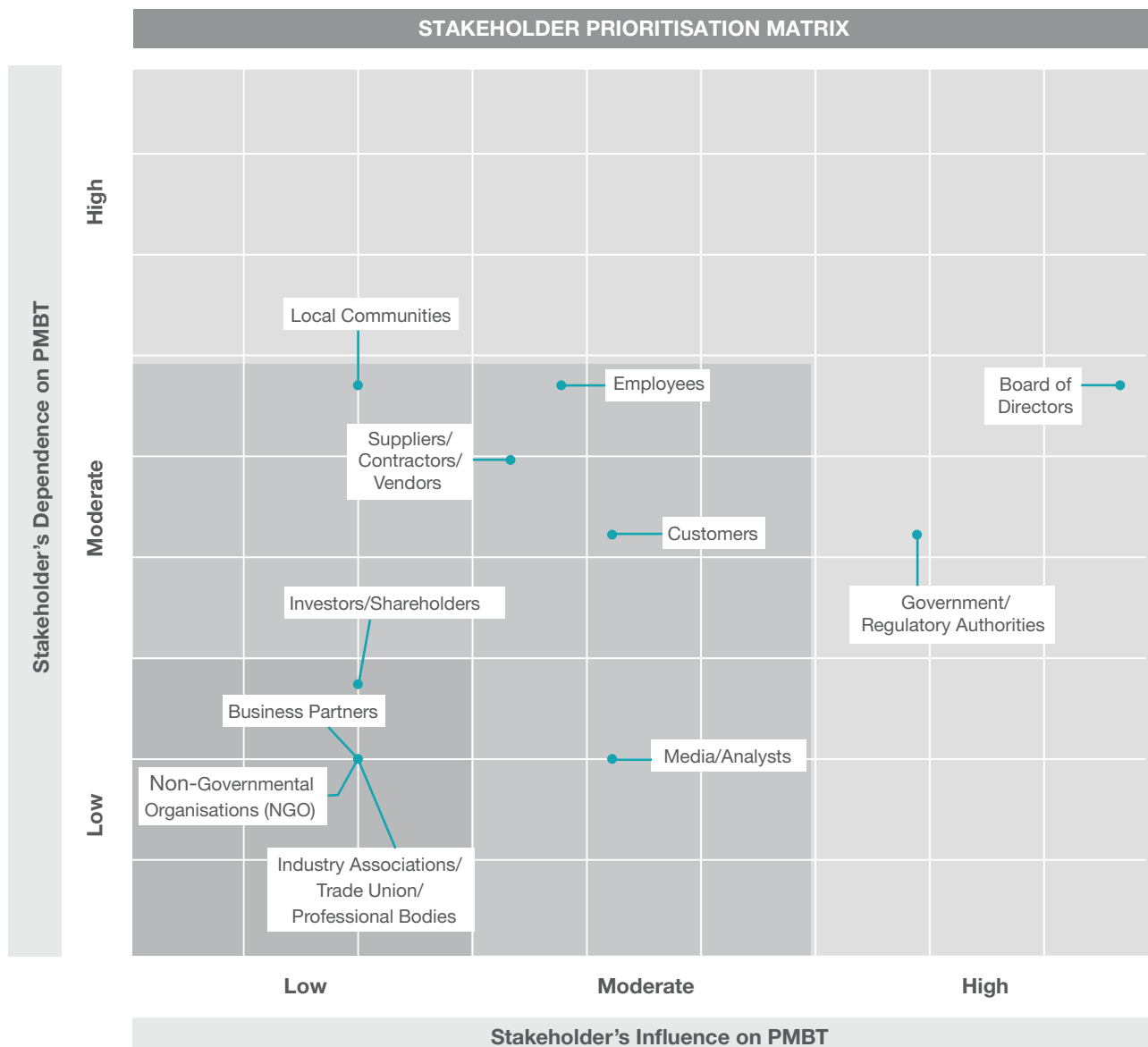
- Theme 1: Delivering Value Through Innovation – page 56 to 63
- Theme 2: Driving Environmental Consciousness – page 63 to 68
- Theme 3: Developing Capabilities & Opportunities – page 68 to 76

SUSTAINABILITY STATEMENT

cont'd

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

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

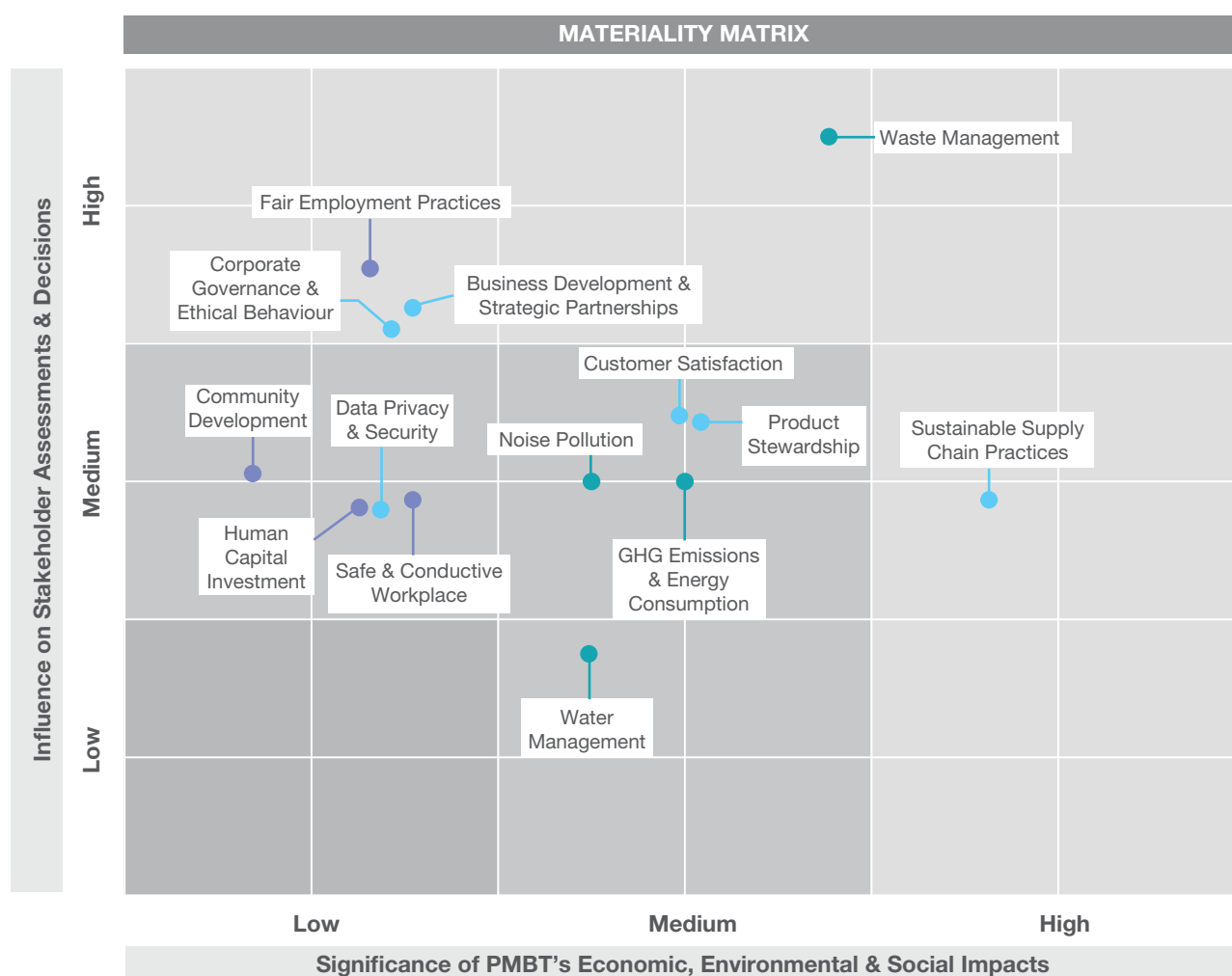


SUSTAINABILITY STATEMENT

cont'd

MATERIALITY ASSESSMENT

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



Theme 1: Delivering Value Through Innovation

Theme 2: Driving Environmental Consciousness

Theme 3: Developing Capabilities & Opportunities

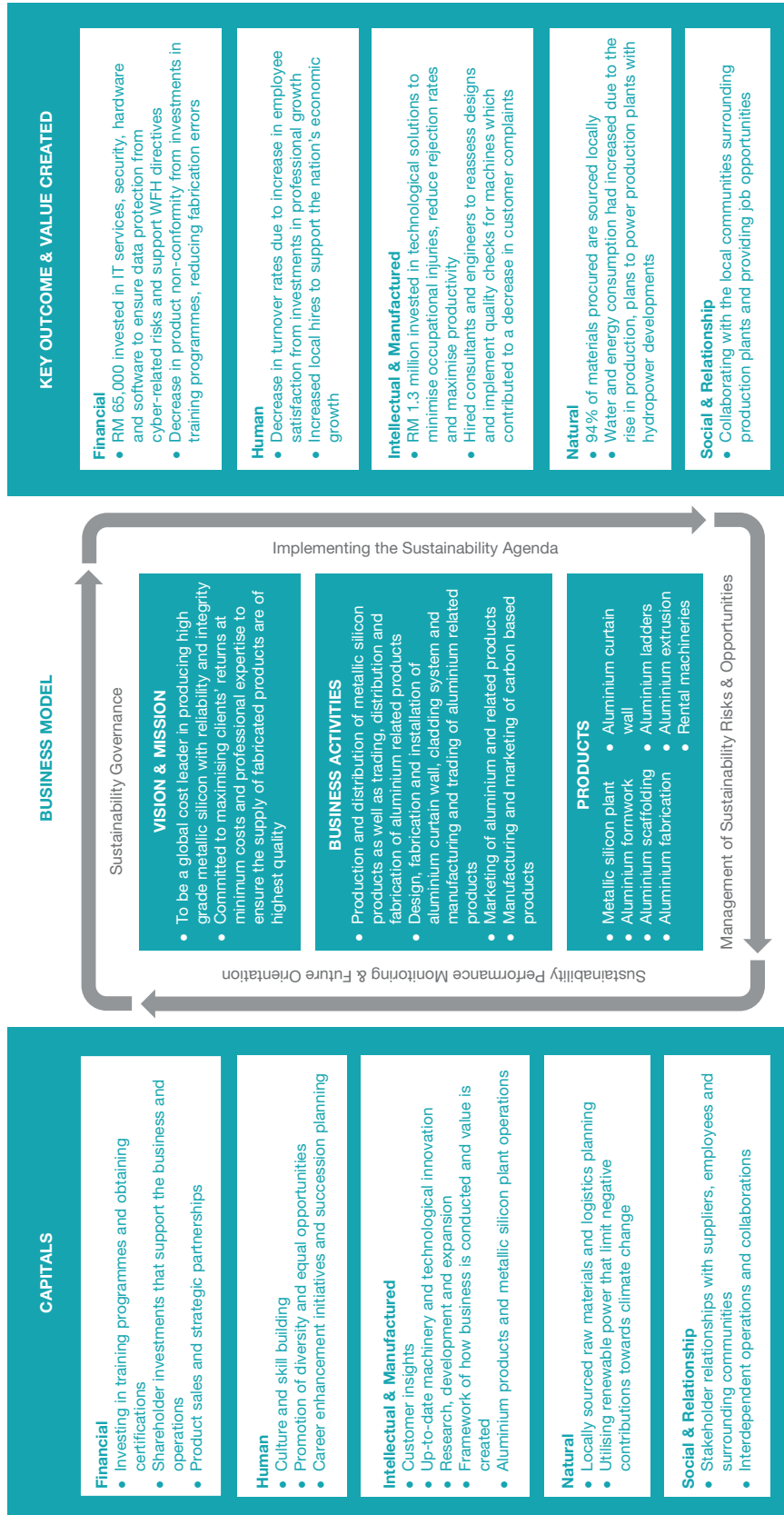
| SUSTAINABILITY MATTERS | | | |
|------------------------|------------------------------------|----|---|
| 1 | Waste Management | 8 | Business Development & Strategic Partnerships |
| 2 | Sustainable Supply Chain Practices | 9 | Corporate Governance & Ethical Behaviour |
| 3 | Product Stewardship |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

SUSTAINABILITY STATEMENT

cont'd

VALUE CREATION

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



SUSTAINABILITY STATEMENT

cont'd

THEME 1: DELIVERING VALUE THROUGH INNOVATION

At PMBT, innovation is the foundation that the Group's success is built upon. As a leader in innovation, PMBT continuously monitors consumer demands, economic trends and regulatory changes in the Group's operating markets. These efforts ensure that PMBT is always maintaining strong, long-lasting relationships with all stakeholders.

SUSTAINABLE SUPPLY CHAIN PRACTICES



GRI 204: Procurement Practices

In pursuit of creating responsible and sustainable supply chains, PMBT has implemented approaches based on stringent risk management controls. The Group is committed towards legal and regulatory compliance, as well as maintaining a high standard across all business operations. These high standards apply for all PMBT's suppliers and vendors within the Group's supply chain as transparency and ethical behaviour form the backbone of productive, long-term relationships.

PMBT's Procurement Guidelines, Vendor Code of Conduct and purchase contract and agreements are all setup to consolidate efforts towards sustainable supply chain practices.



Procurement Guidelines

provide a methodical structure to monitoring vendors and suppliers. The Guidelines ensure that PMBT's Procurement Department and key personnel are aware of standards to adhere to.



Vendor Code of Conduct

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



Purchase Contract & Agreements

are tailored to each of the Group's projects. These agreements formalise specific requirements for suppliers in key areas, for example, material and product specifications.

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

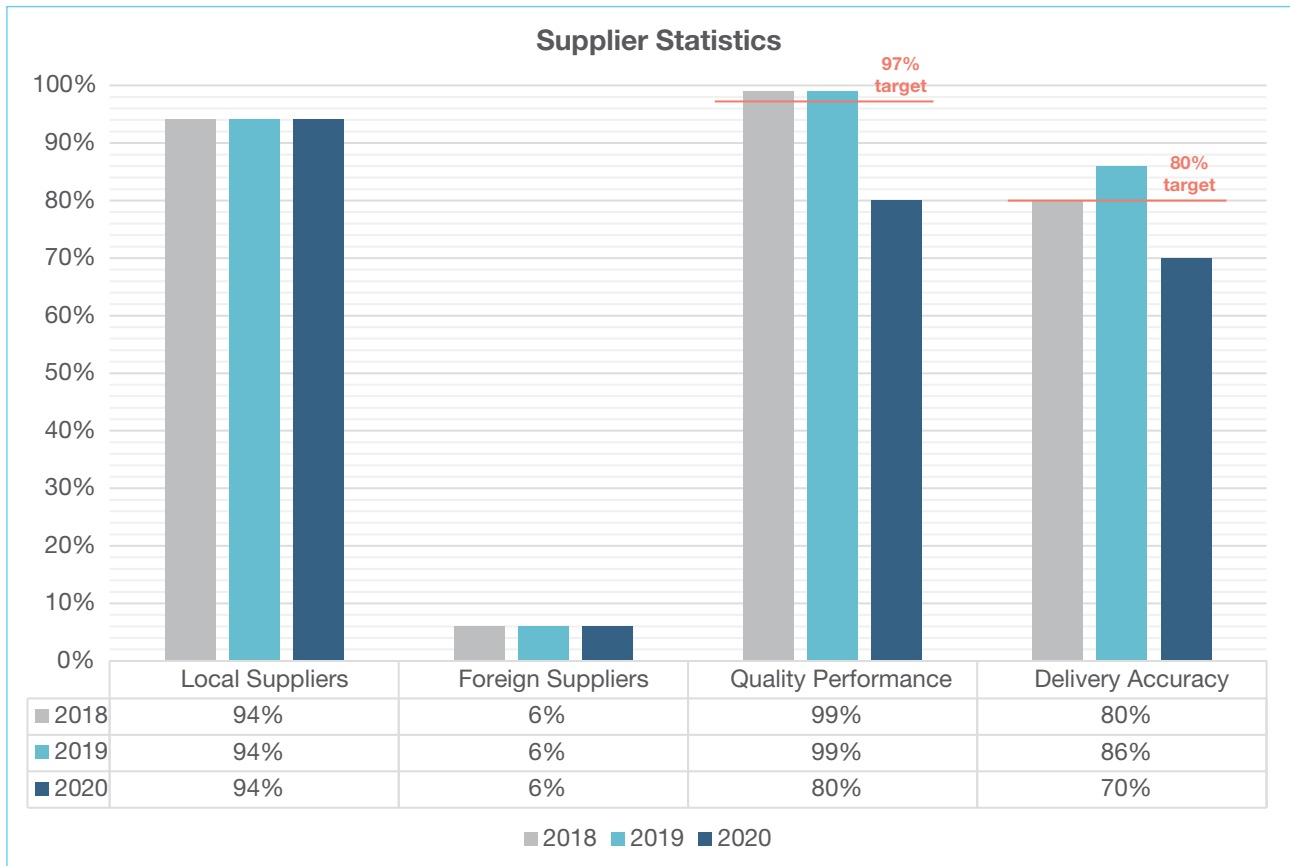
- Sustainable sourcing
- Compliance with regulatory requirements
- Adequate environmental practices
- Fair human rights practices
- Accessibility to internal control procedures
- Availability of certifications or licenses

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

The Group has supported Malaysia's economy over the years by procuring materials from local suppliers. However, there are some raw materials only available from overseas, although this number is few and relatively less significant than locally sourced materials. Strategically located between the East and the West, PMBT's plants and production hubs are home to Singapore Port and Port Klang, Malaysia, two of the busiest ports in the world, where shipping rates are favourable and logistics are cost-saving with lower environmental impacts.

SUSTAINABILITY STATEMENT

cont'd



Notes:

1. The percentages for both local and foreign suppliers were calculated based on the number of suppliers PMBT has engaged with. These values supersede previous reporting disclosures where the percentages were calculated based on the amount spent on local and foreign suppliers.
2. The decrease in quality performance and delivery accuracy were due to suppliers not being able to meet the requirements as set. PMBT had also engaged with a few new suppliers in the reporting year as changes had to be made to accommodate factors brought about by the pandemic. There were minor issues regarding the quality of raw materials involving the metallic silicon industry, however, as PMBT engages with experienced suppliers, they were more than ready to cater to the requirements. In the case of deliveries, certain suppliers were unable to commit to what was needed and PMBT proceeded to monitor them closely to ensure the delivery is met at the end of the day.

PMBT is optimistic for the future of the Group's operations and will strive to recover and maintain high standards for the betterment of supply chain practices. The COVID-19 outbreak resulted in lockdowns in several countries which caused serious disruptions in supply chains across the globe. As distributors of aluminum products rely heavily on regional transportation rules, PMBT strives to ensure all production is well monitored and managed in the event of supply shortages.

PRODUCT STEWARDSHIP



GRI 201: Economic Performance

Developing excellent products for the Group's consumers is vital. PMBT utilises silicon as an alloying agent to increase the strength of aluminium products. These silicon plants, located in Sarawak, are powered by renewable energy in the form of hydropower developments. PMBT's 'New Product Development & Upgrading' Policy outlines the Group's implementations of necessary design and development processes to respond effectively and efficiently to the needs of customers. To further meet their needs, PMBT adopted quality management systems based on international standards. In managing the quality of products as well as inspections from raw materials to finished goods, PMBT follows a Quality Plan (EV-QP-001, 002, 003, 004, 005).

SUSTAINABILITY STATEMENT

cont'd

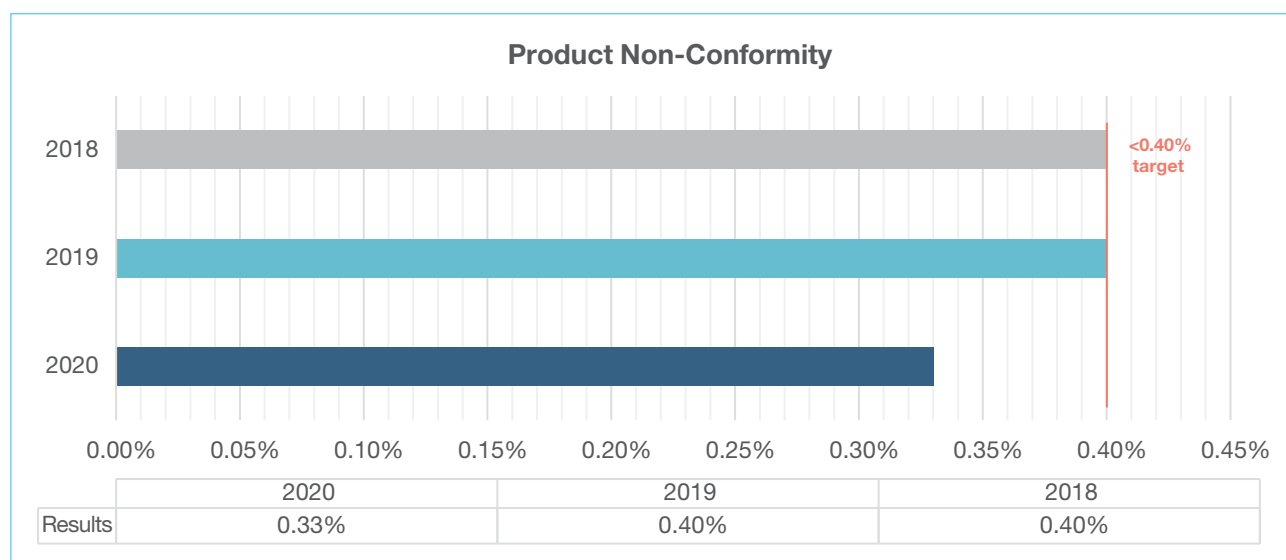
The Group's Quality Assurance and Quality Control (QA&QC) department reviews and ensures proper implementation of quality management systems. Thorough inspections are conducted on manufacturing equipment throughout the design and production process. Additionally, PMBT's Research and Development (R&D) department is responsible for enhancing products and devising new ones to achieve requirements from consumers and international standards. The R&D department continuously monitors the efficiency of methodologies by application of new technologies, machineries and various other process improvements.

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

| Product Type | Sustainable Features |
|---------------------------------------|---|
| CONSTRUCTION & FABRICATION | |
| Curtain Wall System | <ul style="list-style-type: none"> Energy saving on artificial lighting by allowing natural light into buildings Reduces noise levels |
| Reusable Aluminium Formwork | <ul style="list-style-type: none"> Reduces resource consumption and is cost-effective as the formwork can be reused up to 300 times Formwork can be recycled at the end of its life cycle |
| MANUFACTURING & TRADING | |
| Aluminium Truck Body | Reduces fuel consumption and requires minimal maintenance due to its lightweight and non-corrosive nature |
| Aluminium Gate | Effectively reduces the maintenance cost for auto-gate systems and improves efficiency of usage due to being lightweight |
| Aluminium Ladder | Certified BS-EN-ISO standards safe |
| Aluminium Modular & Balustrade System | <ul style="list-style-type: none"> User-friendly, easily installed without the need for welding Prolonged life cycle under harsh weather conditions due to its outer finishing |
| Scaffold Tower | Lightweight solution to speed up erection in space-constrained environments without compromising strength and stability |

Additionally, PMBT has invested in technological solutions to enhance operational efficiency:

| | | |
|---|--|--|
|  | Robotic Welding minimises possibilities of occupational injuries and reduces product rejection rates Amount invested: RM 500,000 | Robotic Assembly maximises productivity and quickly accommodates changes in product design or output Amount invested: RM 800,000 |
|---|--|--|



SUSTAINABILITY STATEMENT

cont'd

To support the development of excellent products, PMBT has also set internal non-conformity targets for the company to achieve. There was a decrease in the percentage of product non-conformity in FY2020 as the QA&QC department closely monitored and tightened inspection procedures to ensure that the quality of products was maintained throughout the production process. This reduced fabrication errors caused by new workers hired in previous years. Training programmes were also provided which helped PMBT achieve such results and meet the target set.

| Accreditations | |
|---|--|
| OPERATING ENTITIES | |
| ISO 9001:2015 – Quality Management System | <ul style="list-style-type: none"> • Everlast Aluminium (M) Sdn. Bhd. • PMB Silicon Sdn. Bhd. • PMB Facade Technology Sdn. Bhd. |
| PRODUCTS | |
| SIRIM BS EN 131-2:1993 | <ul style="list-style-type: none"> • Portable fiberglass ladder • Portable aluminium ladder |
| SIRIM BS 2037:1994 | Portable aluminium ladder |
| SIRIM BS EN 1004:2004 | Prefabricated mobile access and working tower |
| SIRIM BS EN 131-7:2013 | Mobile ladders with platform |
| Load Restraint Test (LDT) | Aluminium truck tray |
| AS/NZS 1170.1 – 2002 | Aluminium modular balustrade system |

There has been a growing demand for electronics during the pandemic which supported the metallic silicon and aluminium markets. It is expected that the markets will garner momentum with increasing global consumption.

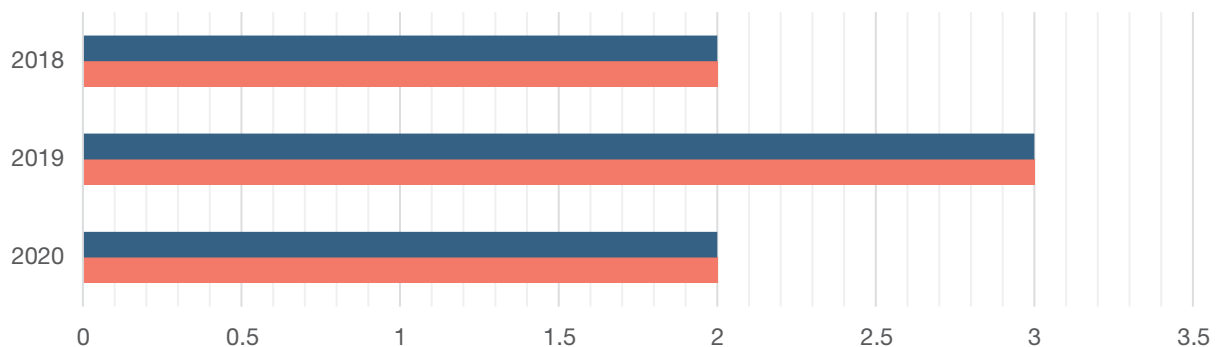
CUSTOMER SATISFACTION



GRI 102: General Disclosures

Amidst our stakeholders, customers are at the heart of PMBT's business. The Group's Customer Service Policy and Customer Complaint Management guidelines serve as foundations for gauging, monitoring and creating avenues for PMBT to address customer concerns. Overseeing customer satisfaction and related matters are PMBT's QA&QC Department as well as Business Development units. The QA&QC department identifies complaints or concerns relating to quality, while the Business Development Units refer complaints and concerns towards relevant departments such as purchasing, production, warehouse or logistics. For the past three years, PMBT has identified and resolved customer complaints, as illustrated below:

Customer Complaints



| | 2020 | 2019 | 2018 |
|----------|------|------|------|
| Resolved | 2 | 3 | 2 |
| Received | 2 | 3 | 2 |

SUSTAINABILITY STATEMENT

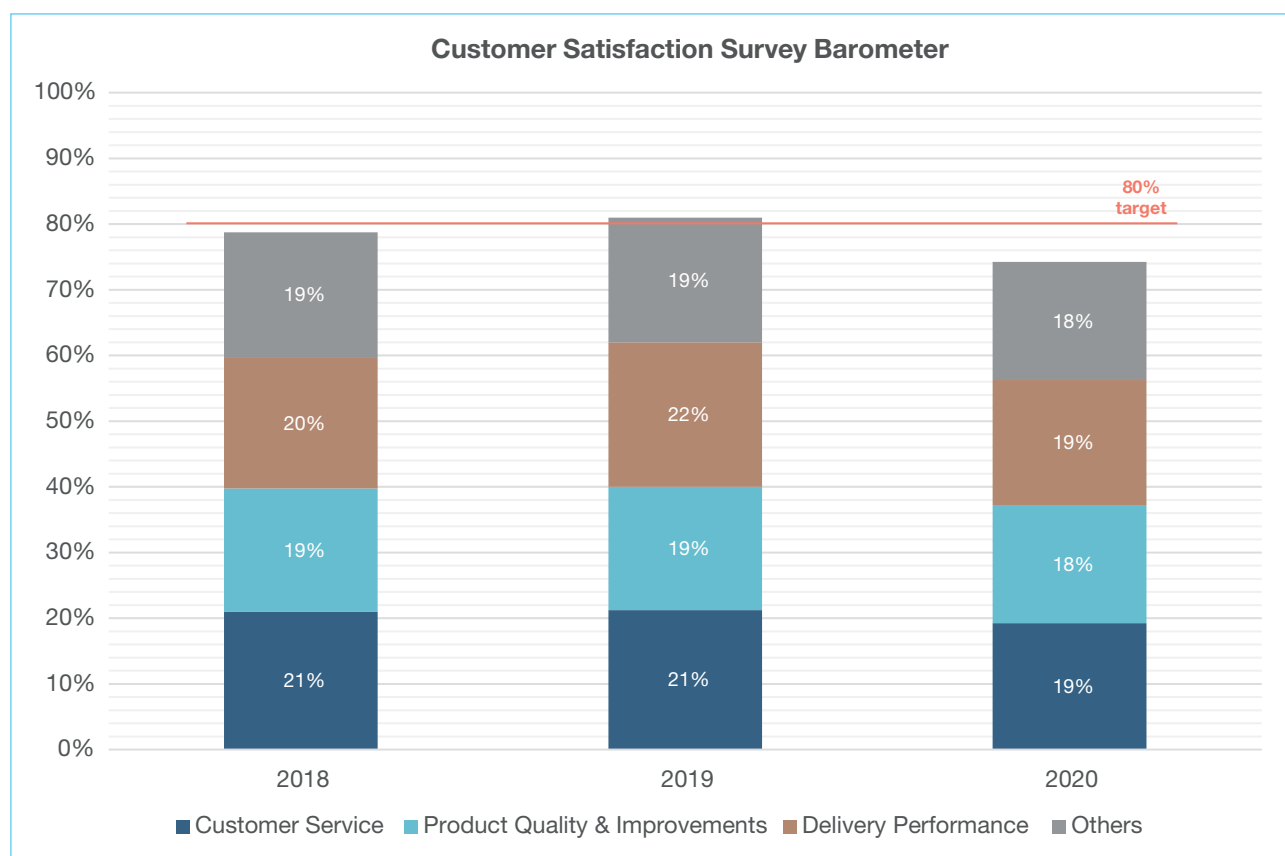
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Notes:

1. There was a decrease in customer complaints due to an increase in production efforts to review and improve internal processes, as well as close management from the QA&QC department in ensuring there was an increase in the number of inspections.
2. The target is to achieve zero customer complaints while making sure that if there are any complaints, that all are resolved in a timely manner.

Satisfaction survey forms are distributed and filled by PMBT's customers every year. These cover four (4) major areas: customer service, product quality and improvement, delivery performance and others which includes billing accuracy, timeliness and marketing strategies.

Customer complaints are conveyed through distributors who will then call it in and send the complaints to the Group via emails. PMBT has narrowed down the key issues from the customer complaints attributed to human errors. Furthermore, the Group has taken measures such as hiring consultants and engineers to reassess designs and implement quality check procedures for machineries.



There was a decrease in customer satisfaction as we faced unprecedented challenges stemming from the COVID-19 pandemic, specifically incurring delays on production and delivery of goods. However, immediate action was taken to rectify these issues by increasing employee productivity levels by offering incentives and over-time (OT) pay to achieve daily targets. This increased productivity will then increase stock levels in the warehouse, hence improving delivery arrangements and quantity to customers. level of stocks in the company Nonetheless, the Group is optimistic that PMBT may recover and meet designated targets for customer satisfaction in the years ahead.

SUSTAINABILITY STATEMENT

cont'd

BUSINESS DEVELOPMENT & STRATEGIC PARTNERSHIPS



PMBT constantly seeks growth and expansion of the Group's operations and its associated businesses. The Group's Business Expansion Strategy, Global Exhibition Visits and International Market Sales Pipeline Initiative were developed to serve as foundations for both domestic and overseas market growth. The impact COVID-19 had on businesses and delivery of goods and services has been recognised. However, PMBT is determined to recover, resume and increase the Group's efforts. This includes moving towards digital marketing initiatives and virtual events. For future growth, the Group aims to generate substantial revenue attributed to strategic partnerships with key vendors associated with sustainable development.

CORPORATE GOVERNANCE & ETHICAL BEHAVIOUR



GRI 205: Anti-corruption

To be a responsible company which deserves trust, PMBT believes a solid foundation of effective governance, accountability and transparency needs to be built. The Group is committed to legal compliance, transparency, anti-corruption and anti-bribery to become an example of a truly responsible company. With effective policies and structures in place, PMBT minimises unnecessary or excessive risks for its stakeholders.

In ensuring that all employees are accountable for their own actions, they are required to certify in writing that the Code of Conduct as well as the Anti-Bribery and Anti-Corruption Policy have 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.



Code of Conduct for Directors, Management & Employees

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

Whistleblowing Policy

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

Code of Ethics

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

Anti-Bribery & Anti-Corruption Policy (ABAC)

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

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

PMBT provides all employees with trainings for ABAC as follows:

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

SUSTAINABILITY STATEMENT

cont'd

0

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

Non-compliance and failure to report non-compliance may lead to disciplinary actions. PMBT believes the Group's success of having zero of such incidents may be attributed to consistent communication and awareness efforts during appraisal periods between employees and Management personnel.

While PMBT's efforts has enabled the Group to operate with integrity, there is still an increasing demand for better governance by companies. Stakeholders would like the manufacturing industry to exercise transparency and high standards throughout their operations, so that issues such as money laundering and tax evasion may be avoided. PMBT is determined to ensure we adapt and commit to be a transparent and operationally excellent company.

DATA PRIVACY & SECURITY



GRI 418: Customer Privacy

Data privacy and security has always been important, as valuable resources and information are shared digitally. The COVID-19 pandemic and its impact on the world requiring many employees to Work From Home (WFH) increases the likelihood of cyber risks, where employees may be connected to unsecure or unmonitored networks. Therefore, the Group is committed to ensuring proper management of Information Technology (IT) risks.

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

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



Acceptable IT Use Policy

- establishes parameters and defines the acceptable level for use of IT facilities while maintaining a level of consistency in procedures and regulations
- is applicable to all employees and third-party personnel



Software Usage Guidelines & Policies

covers topics regarding general use and ownership, IT security and proprietary information, and unacceptable use.



Data Security Policy

is aligned with the Malaysian Personal Data Protection Act (PDPA) 2010 and ensures the privacy and security of data and information belonging to stakeholders.

All new PMBT employees are required to sign a 'Declaration on Information Security' which affirms understanding of PMBT's procedures on information security. Customers are also required to sign a PDPA Notice to ensure statutory compliance with PDPA 2010.

SUSTAINABILITY STATEMENT

cont'd

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

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

0

cases of data breaches for the past three (3) years

The Group's IT department implementation of measures and controls have been effective. Using the implementation of VMWare High Availability as an example, where investment towards infrastructure has safeguarded valuable sensitive data and resources. PMBT continuously benchmarks to industry best practices, however the Group strives to explore improvements to ensure long-term growth and protection of the business and its stakeholders.

RM
65,000

invested in IT services, security, hardware and software

THEME 2: DRIVING ENVIRONMENTAL CONSCIOUSNESS

At PMBT, environmental accountability and sustainability is essential to businesses willing to succeed in the long term. The Group has expanded upon environmental management efforts, identifying and monitoring four (4) separate sustainability matters that influence operations with varying impact. PMBT has experienced challenges in navigating through the COVID-19 pandemic, especially regarding environmental monitoring initiatives. Where possible, standardisation has been made to the data collected, however areas where the Group was not able to complete the data collection process, has been indicated respectively.

WASTE MANAGEMENT



GRI 306: Waste

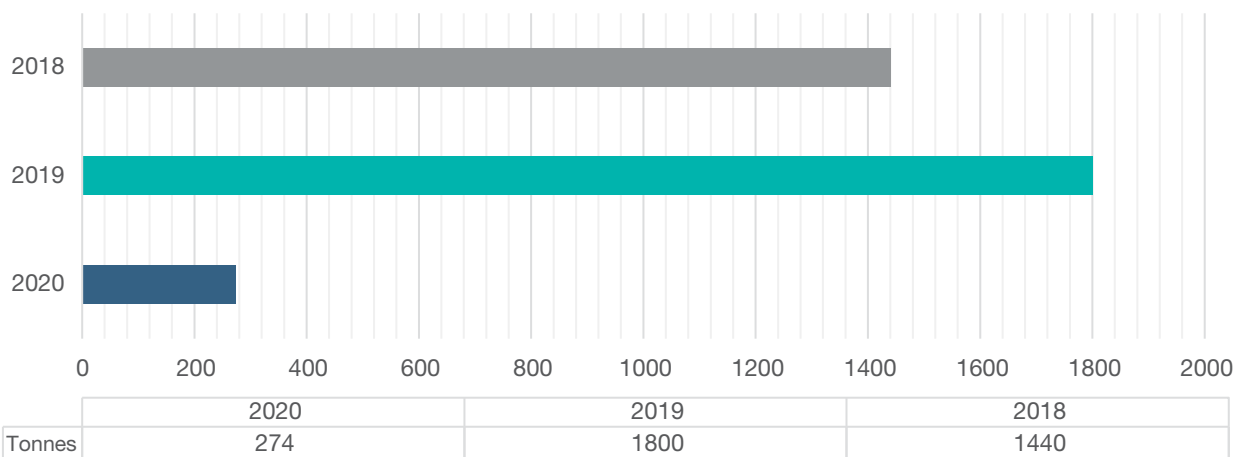
While PMBT has covered responsible production in plant operations, accountability for waste produced is essential to driving environmental consciousness. The Group has identified three (3) distinct types of waste produced through our operations, which have their own respective methods of disposal or treatment. These waste types are:

- **Silicon Crushing Fines:** Fines generated during the crushing process is then used to protect the casting base during casting process
- **Slag Fines:** slags generated during the casting process are then used to protect the casting base during casting process
- **Silicon Lump:** silicon lumps identified during the product screening process is then used to protect the casting base during casting process

SUSTAINABILITY STATEMENT

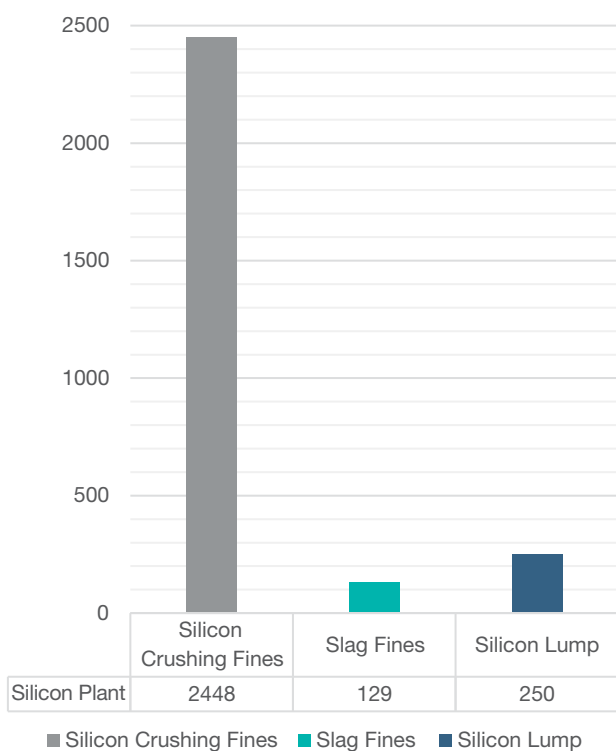
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By-Products/Waste Generated from Manufacturing & Trading Operations

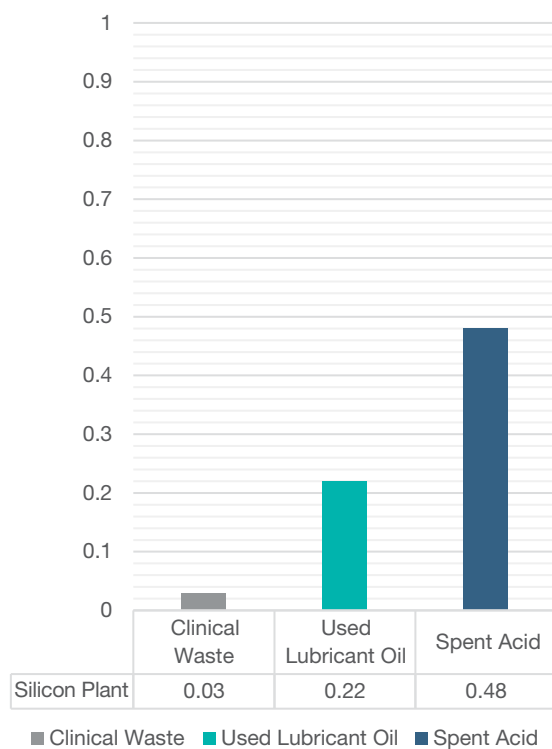


The amount of waste generated at the Balakong plant decreased in FY2020 as majority of production work was transferred to a new plant in Penang. Data collection for the new plant has not been conducted, but monitoring will begin.

Type of Non-Hazardous Waste Generated (MT)



Type of Hazardous Waste Generated (MT)



Note: The data disclosed from silicon operations are for FY2020 only as the plant was only fully operational in FY2020.

SUSTAINABILITY STATEMENT

cont'd

In FY2019, a buyback option was implemented for customers to re-purchase aluminium formworks. This initiative was important as it was a mechanism of contributing to a circular economy. As with other environmental related matters, PMBT plans to increase monitoring efforts and create more avenues for the Group to manage waste effectively. Performance monitoring from the plant in Penang will commence once fully operational.

GHG EMISSIONS & ENERGY CONSUMPTION



GRI 302: Energy
GRI 305: Emissions

As a fundamental resource to PMBT's operations, energy consumption is regularly monitored and reported from the Group's operating sites. These are conducted in intervals, for example once every three (3) hours. PMBT also keeps track of our monthly energy consumption via electricity bills. From an operational perspective, PMBT has carried out several actions and initiatives in support of lowered energy consumption efforts. This is evident through the installation of energy efficient equipment and machinery, LED lighting and energy efficient bulbs, and installation of motion sensor timers to automatically switch off lightings when not in use. Transparent roof sheets were placed to allow natural light into the Group's offices rather than relying on artificial lighting.

29,964 GJ

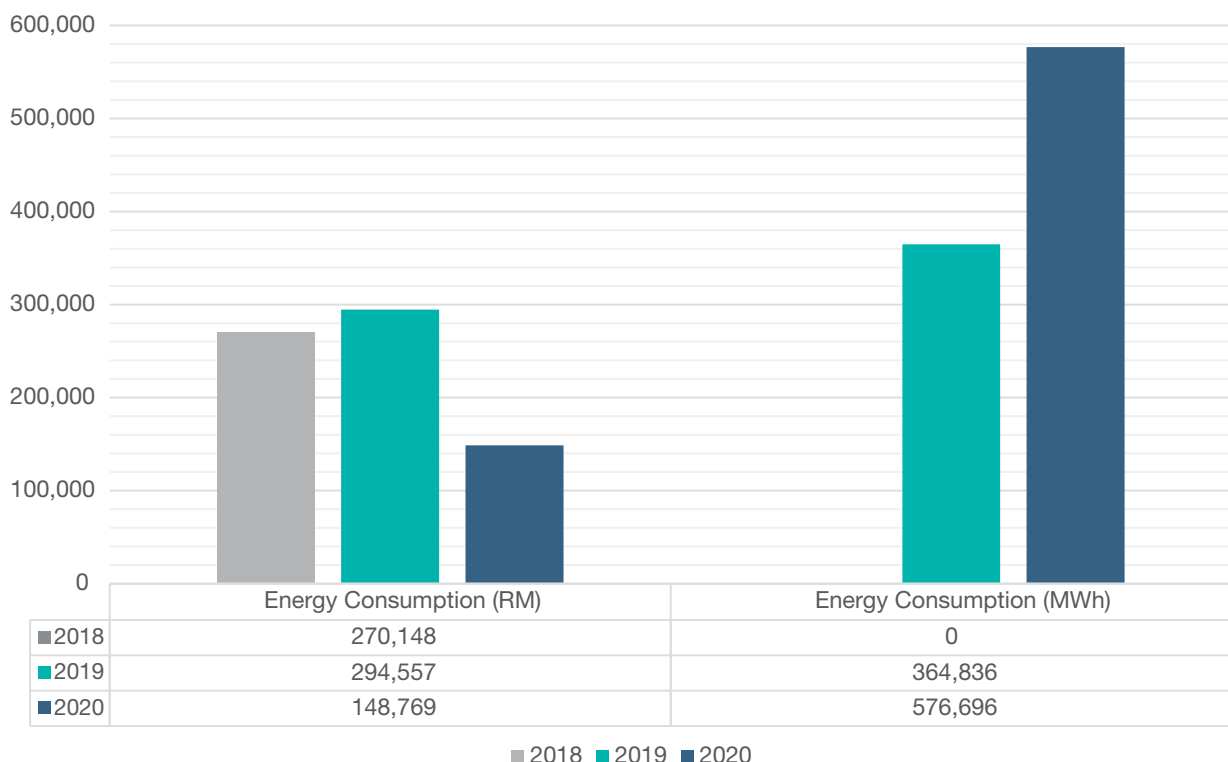
total fuel consumption from heavy vehicles within the metallic silicon plant such as front loaders, forklifts and mobile cranes in FY2020

76 GJ

total natural gas consumption for metallic silicon plant equipment to preheat ladles in FY2020

At the Balakong plant, PMBT was unfortunately unable to set targets or record electricity consumption during the EHS meeting in FY2020. Fuel and natural gas are only utilised at the metallic silicon plant.

Energy Consumption



SUSTAINABILITY STATEMENT

cont'd

Notes:

1. Energy consumption is obtained from electricity bills. The Balakong site monitors energy consumption in amount spent (RM) while the metallic silicon plant that measures in MWh. PMBT aims to standardise electricity monitoring during the course of ISO14001 implementation as part of the topics covered in the quarterly EHS meeting.
2. Energy consumption (MWh) for the metallic silicon plant only began in FY2019. The plant was fully operational in FY2020.
3. To recover from the gaps in business operations due to the pandemic, PMBT has been utilising more electricity at the metallic silicon plant to make up for time loss in production.
4. Energy consumption (RM) at the Balakong plant had decreased in FY2020 due to rental agreement termination.

400,227 tCO₂

total Scope 2 carbon emissions from purchased energy in FY2020

5. tCO₂ refers to the amount in tonnes of carbon dioxide emissions from electricity consumption. This reading is from PMBT's metallic silicon plant only.
6. The conversion factor used for calculating tCO₂ is 0.694tCO₂/MWh (2014 baseline for Peninsular and Sarawak)

Moving forward, PMBT intends to power production plants with Sarawak's affordable and renewable hydropower developments.

NOISE POLLUTION



GRI 403: Occupational Health and Safety

Due to the nature of PMBT's operations, noise is a contributing factor to public disturbance and surrounding areas. The Group ensures compliance with local regulations and takes action to monitor the noise readings. As in previous years, noise readings are reported to the Management by the EHS committee on a monthly basis, which were then reported to the Department of Safety and Health (DOSH). Some of PMBT's initiatives regarding noise pollution include:

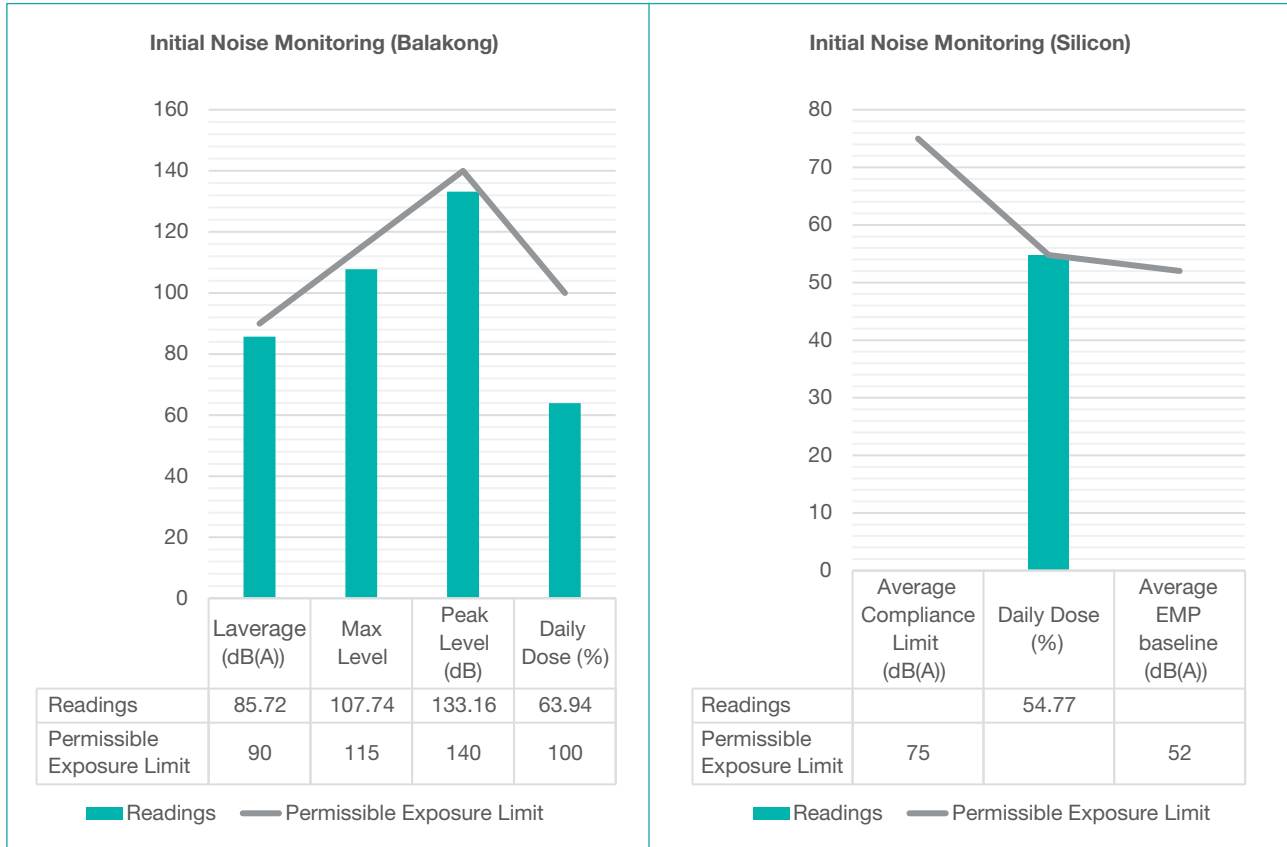
- Turning of machinery when not in use
- Providing appropriate PPE, such as earplugs, to workers
- Inspecting and auditing project sites regularly

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

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

SUSTAINABILITY STATEMENT

cont'd



Notes:

- Noise levels (dB(A)) for day and night by area includes baseline, minimum, maximum, average, and general Department of Environment (DOE) limits.
- Audiometric tests are done once in two (2) years and involves technical, punching, cutting, extension and stamping sections.
- The data illustrated for Balakong was collected for intermittent exposure in FY2018. Noise pollution monitoring activities were halted in FY2020 due to the MCO imposed throughout Malaysia.
- The data collected for the silicon plant only began in FY2020 as the plant was only fully operational within the reporting year.
- All measurements were within permissible limits.

PMBT projects that noise pollution will increase as this correlates with the Group's plans to resume production and recover from the pandemic. However, PMBT is committed to resuming noise pollution controls, when possible. Moving forward, PMBT is adamant in ensuring noise pollution is managed, monitored and reported to DOSH.

WATER MANAGEMENT



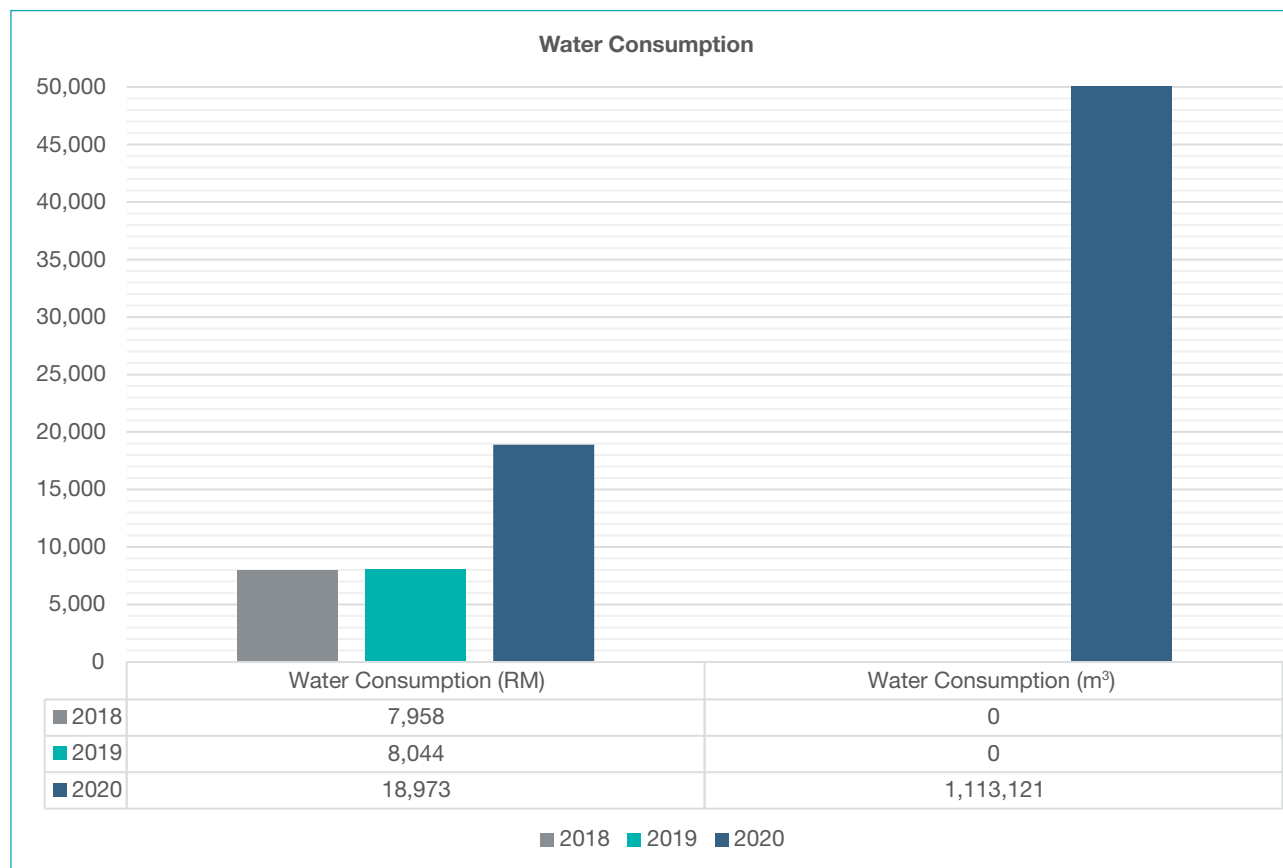
GRI 303: Water and Effluents

At PMBT, the management of water resources is vital to environmentally conscious businesses, especially those operating in Malaysia. Increasing demand due to growing populations, lack of river basin management and emergence of water cuts are all indicators that the country is experiencing a water crisis.

Water consumption is monitored monthly via water bills and PMBT conducts preventive maintenance to ensure leakages in water pipeline systems are prevented. Moreover, in FY2020 the Group decided to begin proper reporting of water consumption and will set targets in the future.

SUSTAINABILITY STATEMENT

cont'd



Notes:

1. Water consumption is obtained from water bills. The Balakong site monitors water consumption in amount spent (RM) while the metallic silicon plant that measures in volume (m³).
2. Water consumption (m³) for the metallic silicon plant only began in FY2020 when the plant was fully operational.
3. The increase in water consumption from the Balakong site was due to an accumulation of water bills from one of the factories for 1.5 years. As these values are extracted from financial payment systems, PMBT was unable to segregate the figures, but strives to monitor water via volume consumed in the future.

As PMBT navigates further into being environmentally responsible, the Group will continue to develop methods and monitoring efforts regarding water consumption. By acknowledging scarcity of water resources and pursuing effort to manage water consumption effectively, PMBT intends to create a better environment for both the business and the nation.

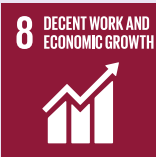
THEME 3: DEVELOPING CAPABILITIES & OPPORTUNITIES

People are essential to the successful delivery PMBT's strategy and to sustaining business performance over the long-term. The Group strives to accelerate employee development, grow and strengthen leadership capabilities, and enhance performance through strong engagement. PMBT's efforts and business activities benefit the local communities where the Group operates by creating employment opportunities and contributing to economic development. Human rights are fundamental to PMBT's core values of professionalism and integrity and is key to being trusted and supported by society. In relation to the COVID-19 pandemic, precautions and measures have also been taken to ensure the health and safety of all employees, suppliers and other third-party personnel.

SUSTAINABILITY STATEMENT

cont'd

FAIR EMPLOYMENT PRACTICES



GRI 401: Employment
GRI 405: Diversity and Equal Opportunity

PMBT views fair employment and equal opportunities as requirements of companies operating in the economies of today. The Group is committed to delivering a fair yet fruitful experience to all employees and strive continuously support fair practices and diversity with respect and dignity. There is zero tolerance for discrimination, including unfair wages and sexual harassment, while child labour and illegal workers are strictly prohibited, as PMBT aims to:

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

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



Employee Handbook

serves as guidance and provides information related to the Group's history, mission, values, policies, procedures and employee benefits.



HR Policy

outlines relevant details and forms in three (3) distinct areas:

- Employee Requisition
- Job Specifications
- Application for Employment



Diversity Policy

was developed on 24 February 2020 and describes PMBT's endeavours in promoting diversity of demographics including age, gender, ethnicity, nationality and cultural backgrounds to support the Group's performance.

For additional information, please refer to our Corporate Governance Overview Statement on page 33.

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

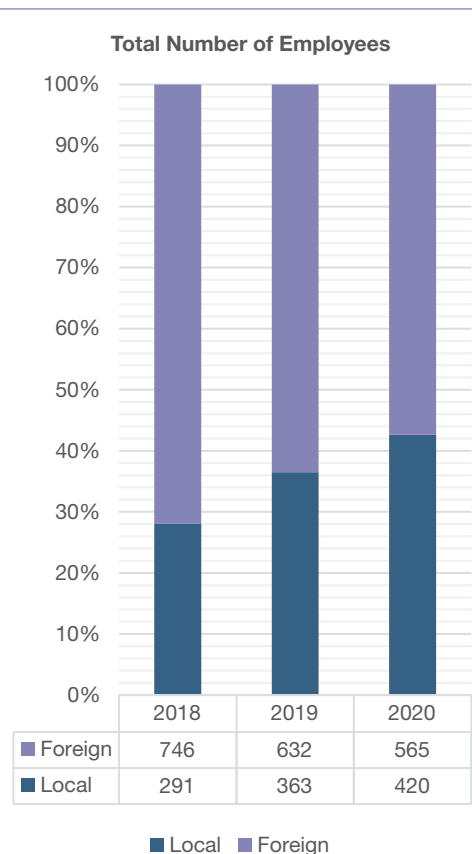
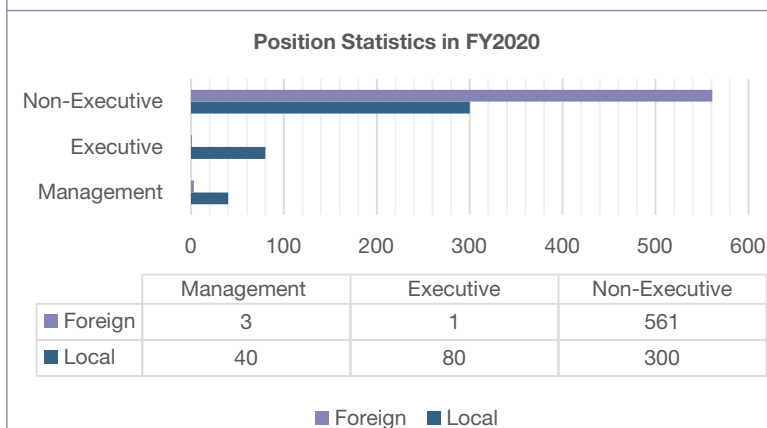
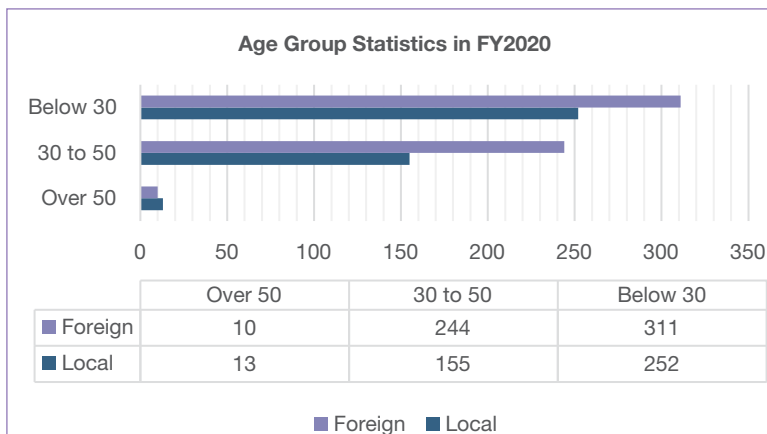
The following is a list of benefits for full-time employees:

| Benefits | Description |
|-------------------------------------|--|
| Life insurance and medical benefits | <ul style="list-style-type: none"> • Medical and hospitalisation leave • Access to Group panel clinics |
| Healthcare and Wellness | <ul style="list-style-type: none"> • Elite and Sports Committee organises activities to promote staff health and well-being, such as on-site health screening, leisure and sporting and recreational activities • Weekly badminton activities amongst employees • Hiking to promote bonding and wellbeing |

SUSTAINABILITY STATEMENT

cont'd

| Benefits | Description |
|--|---|
| Retirement Provision | Contact employments are offered to retirees |
| Employee Remuneration, Rewards and Recognition | <ul style="list-style-type: none"> Long Service Awards (5,10,15,20) were given to twenty (20) employees in 2020 Annual increment and bonus based on overall Group and employee performance |
| Welfare for New Parents | <ul style="list-style-type: none"> Private rooms allocated for new mothers to enable to ease the transition back to work Three (3) months maternity and paternity leave respectively Contract employees are entitled to two (2) months maternity and one (1) day paternity leave |
| Welfare for foreign workers | Medical benefits and hostel accommodation |
| Other benefits | Staff purchase discount for all confirmed employees |

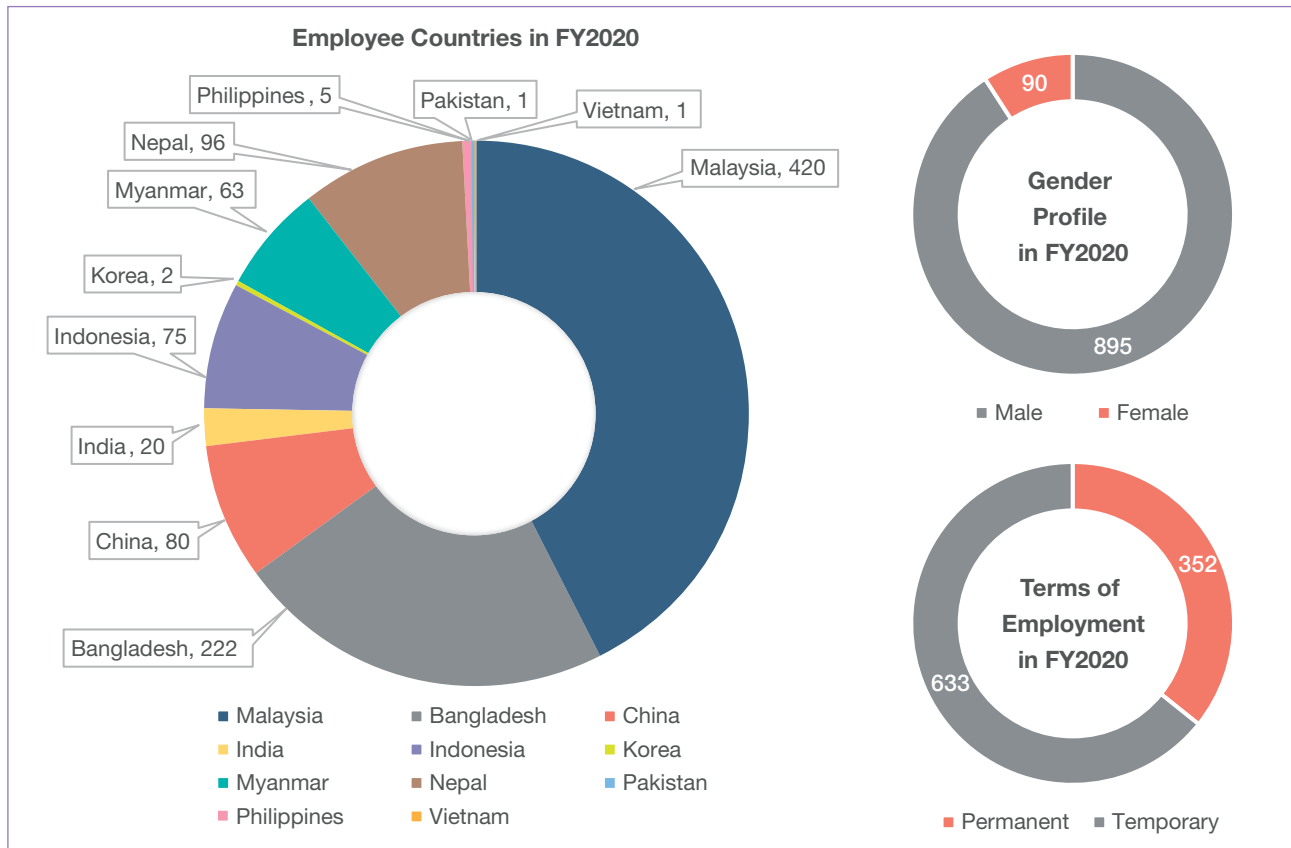


Notes:

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

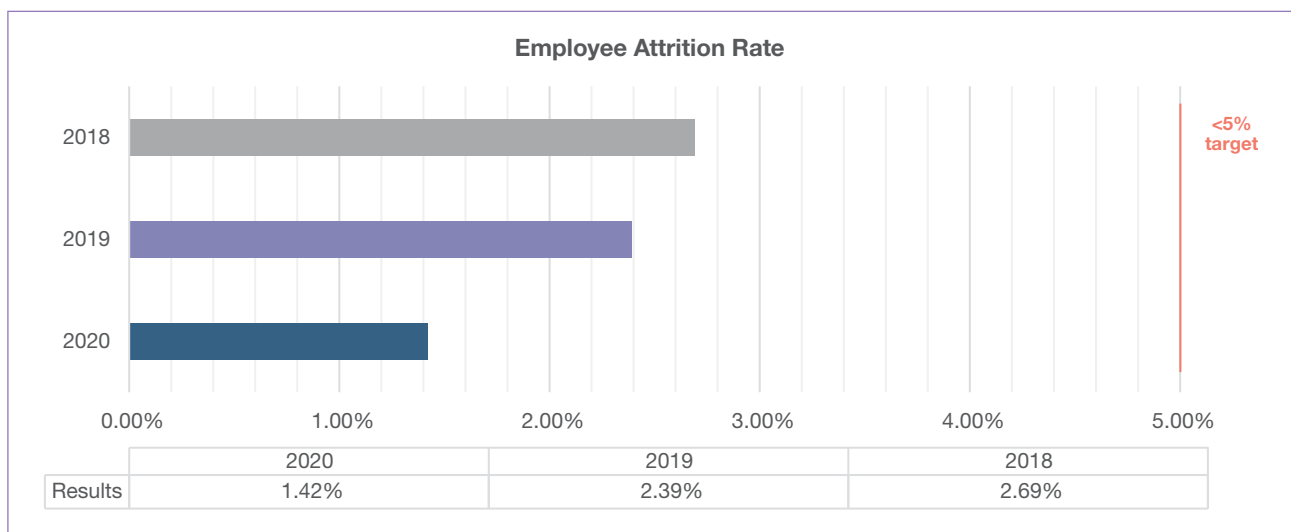
SUSTAINABILITY STATEMENT

cont'd



Notes:

1. PMBT has included foreign employee data for country of origin, gender profile and terms of employment statistics in FY2020. Hence, local employee data from previous reporting years have been removed for standardisation.
2. As PMBT operates in a labour intensive industry, most of employees are currently foreign and male dominant. However, diversified hires and women are more present in management and executive positions.



Notes:

1. Employee attrition rates had decreased as PMBT's efforts in creating a harmonious workplace with many opportunities for career growth enhanced their sense of belonging.
2. Attrition rates are calculated based on the number of employees that have resigned, over the average number of employees during the reporting year.

SUSTAINABILITY STATEMENT

cont'd

PMBT has had no reported cases of discrimination, child labour or any other violation of the Group's HR policies. In the coming years, PMBT aims to conduct regular employee satisfaction surveys aside from annual townhalls and grievances handling initiatives.

SAFE & CONDUCTIVE WORKPLACE



GRI 403: Occupational Health and Safety

Ensuring a safe environment for all employees is crucial, where workers are exposed to complex machinery and processes which are dangerous if employees do not possess the appropriate knowledge. To curb the spread of COVID-19, PMBT has complied with government measures such as temperature scanning, contact tracing, sanitisation of factory areas, social distancing at work and issuance of mask to all employees. There were also arrangements for swab tests in one of the factories. PMBT has incessant implementations of effective training to maintain and cultivate a safe working environment. The Group's Occupational Safety and Health (OSH) Policy outlines PMBT's commitment towards providing safe working conditions, as well as preventing work-related injuries for all employees, contractors and visitors.



Safety, Health & Environmental Policy

ensures a safe and healthy working environment, compliance to all applicable legal and standards while striving for continual improvement, including the following:

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



Health & Safety Practice

- Sort
 - Straighten
 - Shine
 - Standardise
 - Sustain
- In line with the following laws and regulations:
- Occupational Safety and Health Act 1994
 - Factories and Machinery Regulations 1989



Health & Safety Management-related Standards/Certifications

- OHSAS 18001:2007
- MS 1722:2011
- ISO 45001:2018

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

- maintaining overall responsibility for health and safety programmes;
- ensuring all established health and safety policies are administered and enforced in all areas;
- providing all supervisory employees with proper, well-maintained tools and equipment, and any personal protective devices which may be required;
- assisting in the development of safety and health rules and safe systems of work;
- reviewing the effectiveness of safety and health programmes;
- maintaining close communication with employees to immediately control all potential workplace hazards;
- carrying out investigations on the trends of accidents and reporting to Management of any unsafe conditions or practices with recommended corrective actions;
- reviewing on-site health and safety policies and revision suggestions;
- conducting on-going approved first aid training courses and periodic production inspections; and
- monitoring departments and projects and holding them accountable for their individual health and safety performance.

SUSTAINABILITY STATEMENT

cont'd

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

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

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cases of fatalities, lost time injuries (LTI), medical aid or dangerous occurrences for the past three (3) years

In addition to the trainings listed, PMBT has consistently monitored any workplace incidents where employee safety could be compromised. The Group has reported that no accidents or injuries have occurred throughout FY2020.

Moving forward, PMBT endeavours to become a responsible and respectable company that maintains a safe and conducive working environment for its employees. The COVID-19 pandemic was challenging yet brought PMBT to ensure a holistic approach in monitoring and developing effective procedures for employee safety.

SUSTAINABILITY STATEMENT

cont'd

HUMAN CAPITAL INVESTMENT



GRI 404: Training and Education

Long-term employee development is important as potential and talent should be nurtured to ensure business growth and sustainability. PMBT's success is founded on the dedication and technical expertise of all employees.

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



Training Needs Analysis

is conducted annually by HODs to prioritise the skills required to meet departmental goals. The outcome of the analysis found that employees are more inclined towards production, processing and engineering skills.

PMBT facilitates induction trainings for all new employees and on-the-job training to familiarise themselves with the Group's culture, management systems and operations. The HR department believes in assisting employees through avenues beyond a working environment, hence PMBT has hosted two (2) additional trainings:

- '7 Habits of Highly Effective People' to assist employees in discovering effective methods to productivity
- 'Basic Tips for Proper Business Writing' to deliver insight to employees on proper business correspondence

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

| Type of Training | Description | Frequency | No. of Participants | Attendees |
|--|---|---------------------|---------------------|-------------------------------------|
| TECHNICAL TRAINING | | | | |
| Forklift Safety & Certification Training | Provides a general understanding on safe operation, laws, guidelines and the appropriate material handling equipment (MHE) management system | Every two (2) years | 19 | All levels, as per job requirements |
| Forklift Safety & Competency | Prevent injuries and minimise property damage involving the operation of Forklift Trucks, and become familiar with methods and techniques for safe and competent forklift truck operator | Every two (2) years | 35 | All levels, as per job requirements |
| Overhead Crane Operation & Inspection | Provides introduction of safety handling for overhead travelling crane include basic component, functions and inspection, potential hazards, basic rigging safety and safe work practices | Every two (2) years | 1 | All levels, as per job requirements |

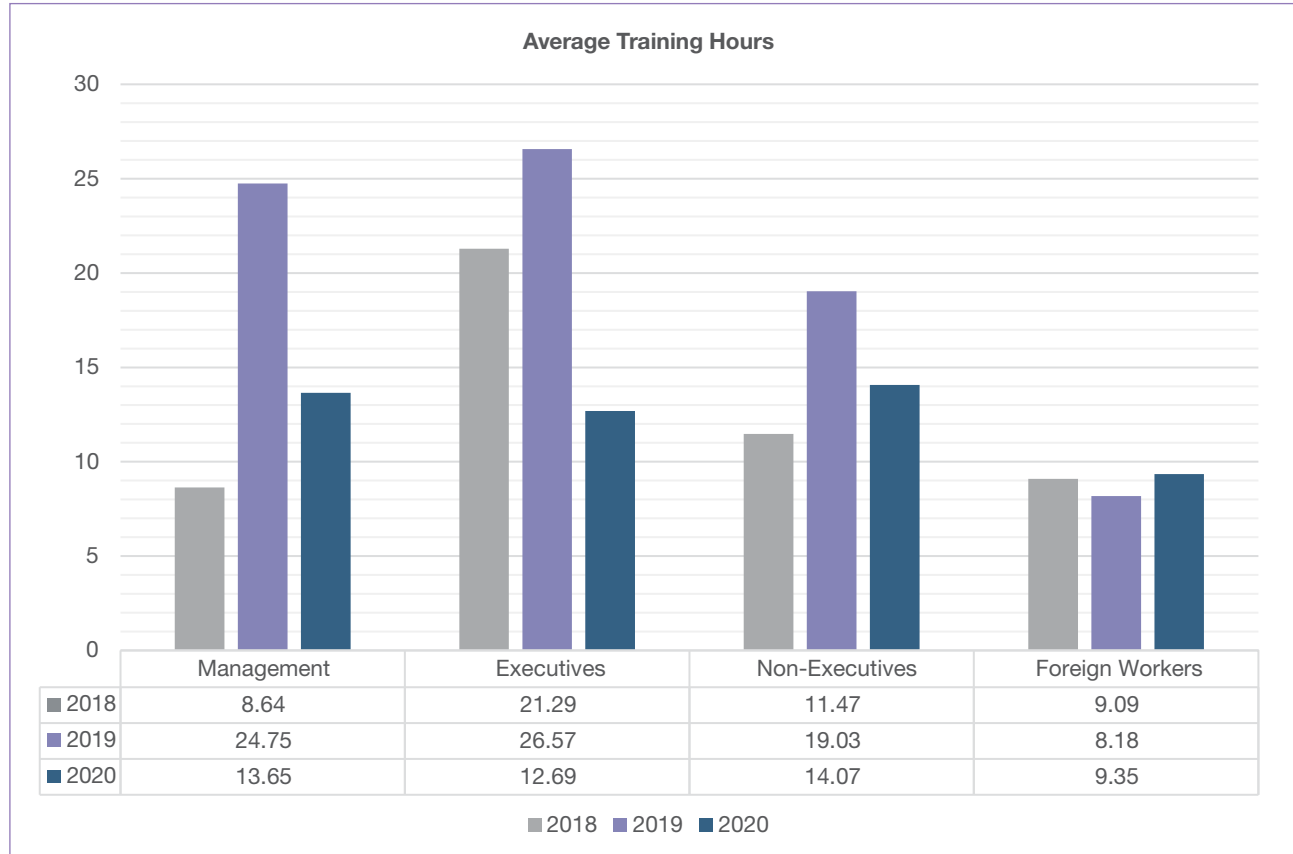
SUSTAINABILITY STATEMENT

cont'd

| Type of Training | Description | Frequency | No. of Participants | Attendees |
|---|--|---------------|---------------------|-----------------------|
| SOFT SKILLS TRAINING | | | | |
| Dismissal of Employment the Do's & Don't's | Provides a general understanding of the Employment Act 1955, compensation for unlawful dismissal, requirement and process of each type of termination | When required | 2 | Executive |
| Employment Laws with Latest Amendments for HR & Non-HR | Provides knowledge and understanding of the Labour Laws within the context of the latest amendments and potential implications of the impending changes | When required | 1 | Executive |
| Seven (7) QC Tools & application Training | Understanding the basic concepts and application of QC tools, equipped with essential skills and knowledge to resolve problems systematically | When required | 20 | Non-Executive & Above |
| Seminar on Compliance & Enforcement of the Environmental Quality (Scheduled Waste) Regulations 2005 | Provides understanding and strengthens knowledge of scheduled waste management | When required | 2 | Executive & Above |
| 11th Transborneo Ear, Nose & Throat Conference | Research about diagnosis, prevention and management, contributes to the dissemination of knowledge in Rhinology and Otology | When required | 1 | Executive |
| Authorised Gas Tester & Entry Supervisor for Confined Space | Ability to conduct Confined Space Risk Assessments, recommend control measures, manage equipment, and perform duties to supervise entry operations | When required | 1 | Manager |
| Authorised Entrant & Standby Person for Confined Space | Enables state legal requirement pertaining to confined spaces, describes the presence of hazards, applies confined space entry procedures, and uses of PPE | When required | 1 | Manager |

SUSTAINABILITY STATEMENT

cont'd



Notes:

1. The average man-days spent on trainings for employees in FY2020 was 1.4 with an average cost of RM 23.36 per employee.
2. The training budget had decreased by 55% to RM 25,000 from prior years due to the COVID-19 pandemic.
3. PMBT has not set training targets as all programmes are offered based on needs analysis and as and when necessary.

Although COVID-19 hindered effective physical training, PMBT learnt to adapt and utilise virtual methods of training and communication. There were unfortunately no scholarships provided in FY2020 due to the pandemic, however the Group was fortunate enough to provide five (5) internships during FY2020. Upon their graduation, PMBT will decide if they will be offered permanent positions within the Group. Although training budget was halved and training hours were less than previous years, PMBT still managed to deliver effective training for all employees to support their career development needs.

COMMUNITY DEVELOPMENT



GRI 413: Local Communities

PMBT understands the need to contribute to community development, however, due to the COVID-19 pandemic, the Group has halted any corporate social responsibility (CSR) activities for FY2020. The Group plans to recover and resume annual career talks, 'gotong-royong' and blood drives in the coming years.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2020, 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 2020

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 2020.

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 | 22,711 | 7,523 |

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) In respect of the financial year ended 31 December 2019 as reported in the Directors' Report of that year:
 - special ordinary dividend of 1.5 sen per ordinary share totalling RM3,071,269 declared on 24 February 2020 and paid on 16 April 2020.

Subsequent to the financial year end, the Directors declared a first interim ordinary dividend of 1 sen per ordinary share totalling RM2,057,613 in respect of the financial year ended 31 December 2020, which was paid on 13 April 2021. The Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

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

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

DIRECTORS OF THE COMPANY cont'd

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

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

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

DIRECTORS' INTERESTS IN SHARES

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

| | At 1.1.2020 | Number of ordinary shares | | At 31.12.2020 |
|--|----------------|---------------------------|------|------------------|
| | | Bought | Sold | |
| Interest in the Company: | | | | |
| Tan Sri Dato' Koon Poh Keong | 6,222,500 | - | - | 6,222,500 |
| Koon Poh Ming | | | | |
| - own | 4,100,500 | - | - | 4,100,500 |
| - spouse * | 11,812,230 | - | - | 11,812,230 |
| - child * | 15,000,000 | - | - | 15,000,000 |
| Dato' Koon Poh Tat | 10,950,500 | - | - | 10,950,500 |
| Koon Poh Weng | | | | |
| - own | 4,060,500 | 300,000 | - | 4,360,500 |
| - spouse & | - | 1,500,000 | - | 1,500,000 |
| - child & | 10,000 | - | - | 10,000 |
| Ernest Bong Miao Fatt | 96,000 | - | - | 96,000 |
| Deemed interest in the Company: | | | | |
| Tan Sri Dato' Koon Poh Keong ^ | 42,951,916 | - | - | 42,951,916 |
| Koon Poh Ming # | 13,594,576 | - | - | 13,594,576 |
| Dato' Koon Poh Tat # | 13,594,576 | - | - | 13,594,576 |
| Koon Poh Weng # | 13,594,576 | - | - | 13,594,576 |

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020
cont'd

DIRECTORS' INTERESTS IN SHARES *cont'd*

| | Number of irredeemable convertible unsecured loan stocks ("ICULS") | | | |
|---------------------------------|--|-----------|------|------------------|
| | At 1.1.2020 | Bought | Sold | At 31.12.2020 |
| Interest in the Company: | | | | |
| Tan Sri Dato' Koon Poh Keong | 1,091,000 | - | - | 1,091,000 |
| Koon Poh Ming | | | | |
| - own | 30,000 | - | - | 30,000 |
| - spouse * | 6,540,515 | - | - | 6,540,515 |
| - child * | 8,461,000 | - | - | 8,461,000 |
| Dato' Koon Poh Tat | 3,455,000 | - | - | 3,455,000 |
| Koon Poh Weng | | | | |
| - own | 10,000 | - | - | 10,000 |
| - spouse & | - | 2,000,000 | - | 2,000,000 |
| - child & | 5,000 | 2,081,500 | - | 2,086,500 |
| Ernest Bong Miao Fatt | 48,000 | - | - | 48,000 |

Deemed interest in the Company:

| | | | | |
|--------------------------------|------------|---|---|------------|
| Tan Sri Dato' Koon Poh Keong ^ | 21,475,958 | - | - | 21,475,958 |
| Koon Poh Ming # | 6,797,288 | - | - | 6,797,288 |
| Dato' Koon Poh Tat # | 6,797,288 | - | - | 6,797,288 |
| Koon Poh Weng # | 6,797,288 | - | - | 6,797,288 |

| | | Number of warrants | | |
|------------------------------|----------------|--------------------|-----------|------------------|
| | At 1.1.2020 | Granted | Exercised | At 31.12.2020 |
| Interest in the Company: | | | | |
| Tan Sri Dato' Koon Poh Keong | 545,500 | - | - | 545,500 |
| Koon Poh Ming | | | | |
| - own | 15,000 | - | - | 15,000 |
| - spouse * | 3,270,258 | - | - | 3,270,258 |
| - child * | 4,230,500 | - | - | 4,230,500 |
| Dato' Koon Poh Tat | 1,727,500 | - | - | 1,727,500 |
| Koon Poh Weng | | | | |
| - own | 5,000 | - | - | 5,000 |
| - child & | 2,500 | - | - | 2,500 |
| Ernest Bong Miao Fatt | 24,000 | - | - | 24,000 |

Deemed interest in the Company:

| | | | | |
|--------------------------------|------------|---|---|------------|
| Tan Sri Dato' Koon Poh Keong ^ | 10,737,979 | - | - | 10,737,979 |
| Koon Poh Ming # | 3,398,644 | - | - | 3,398,644 |
| Dato' Koon Poh Tat # | 3,398,644 | - | - | 3,398,644 |
| Koon Poh Weng # | 3,398,644 | - | - | 3,398,644 |

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

DIRECTORS' INTERESTS IN SHARES cont'd

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

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

None of the other Directors holding office at 31 December 2020 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 209,670,550 ordinary shares to 210,634,650 ordinary shares by way of the issuance of 964,100 new ordinary shares pursuant to the conversion of 964,100 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.

TREASURY SHARES

There were no repurchase of treasury shares during the financial year. As at 31 December 2020, the Company held 5,040,400 (2019: 5,040,400) treasury shares under Section 127 of the Companies Act 2016.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officers of the Group are RM3,000,000 and 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.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

SUBSEQUENT EVENTS

The subsequent 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: 27 May 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

| | | Group | | Company | |
|---|------|------------------|------------------|----------------|----------------|
| | Note | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Assets | | | | | |
| Property, plant and equipment | 3 | 769,248 | 701,352 | 2 | 3 |
| Goodwill | 4 | 792 | 792 | - | - |
| Investment properties | 5 | 4,574 | 4,674 | - | - |
| Investments in subsidiaries | 6 | - | - | 251,790 | 248,790 |
| Investment in associates | 7 | - | - | - | - |
| Deferred tax assets | 8 | 4,044 | 4,805 | 4,044 | 4,805 |
| Derivatives financial assets | 9 | 7,581 | 4,769 | - | - |
| Total non-current assets | | 786,239 | 716,392 | 255,836 | 253,598 |
| Inventories | 10 | 109,807 | 151,852 | - | - |
| Contract assets | 11 | 30,820 | 24,901 | - | - |
| Current tax assets | | 1,879 | 995 | 93 | 45 |
| Trade and other receivables | 12 | 179,552 | 161,845 | 197,802 | 199,826 |
| Derivatives financial assets | 9 | 3,082 | 1,391 | - | - |
| Cash and cash equivalents | 13 | 52,558 | 80,383 | 210 | 2,035 |
| Total current assets | | 377,698 | 421,367 | 198,105 | 201,906 |
| Total assets | | 1,163,937 | 1,137,759 | 453,941 | 455,504 |
| Equity | | | | | |
| Share capital | | 203,274 | 200,633 | 203,274 | 200,633 |
| Translation reserve | | 3,147 | 3,811 | - | - |
| Treasury shares | | (2,220) | (2,220) | (2,220) | (2,220) |
| ICULS equity | | 153,457 | 155,434 | 153,457 | 155,434 |
| Warrants reserve | | 33,921 | 33,921 | 33,921 | 33,921 |
| Hedging reserve | | 9,895 | 6,160 | - | - |
| Retained earnings | | 156,312 | 137,094 | 13,745 | 9,715 |
| Equity attributable to owners of the Company | 14 | 557,786 | 534,833 | 402,177 | 397,483 |

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

cont'd

| | | Group | | Company | |
|--------------------------------------|------|-----------|-----------|---------|---------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Liabilities | | | | | |
| ICULS liabilities | 14 | 16,408 | 21,353 | 16,408 | 21,353 |
| Loans and borrowings | 15 | 261,636 | 237,088 | - | - |
| Lease liabilities | | 4,650 | 4,658 | - | - |
| Deferred tax liabilities | 8 | 6,435 | 7,830 | - | - |
| Total non-current liabilities | | 289,129 | 270,929 | 16,408 | 21,353 |
| Loans and borrowings | 15 | 168,050 | 164,632 | - | - |
| Lease liabilities | | 4,874 | 7,536 | - | - |
| Trade and other payables | 16 | 139,930 | 149,601 | 35,356 | 36,668 |
| Contract liabilities | 11 | 4,105 | 9,280 | - | - |
| Current tax liabilities | | 63 | 948 | - | - |
| Total current liabilities | | 317,022 | 331,997 | 35,356 | 36,668 |
| Total liabilities | | 606,151 | 602,926 | 51,764 | 58,021 |
| Total equity and liabilities | | 1,163,937 | 1,137,759 | 453,941 | 455,504 |

The notes on pages 98 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 2020

| | | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | Note | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Continuing operations | | | | | |
| Revenue | 17 | 604,811 | 399,746 | 6,520 | 11,790 |
| Cost of sales | 18 | (517,188) | (318,020) | - | - |
| Gross profit | | 87,623 | 81,726 | 6,520 | 11,790 |
| Other income | | 5,048 | 1,272 | - | 1,004 |
| Distribution expenses | | (2,510) | (3,469) | - | - |
| Administrative expenses | | (31,243) | (27,997) | (2,157) | (2,200) |
| Net loss on impairment of financial instruments and contract assets | | (122) | - | - | - |
| Other expenses | | (23,022) | (21,963) | (744) | (1,132) |
| Results from operating activities | | 35,774 | 29,569 | 3,619 | 9,462 |
| Finance income | 19 | 236 | 2,550 | 6,169 | 8,105 |
| Finance costs | 20 | (11,366) | (11,722) | (1,574) | (1,959) |
| Net finance (costs)/income | | (11,130) | (9,172) | 4,595 | 6,146 |
| Profit before tax | | 24,644 | 20,397 | 8,214 | 15,608 |
| Tax expense | 21 | (1,933) | (5,551) | (691) | (689) |
| Profit from continuing operations | | 22,711 | 14,846 | 7,523 | 14,919 |
| Discontinued operation | | | | | |
| Profit from discontinued operation, net of tax | 22 | - | 12,925 | - | - |
| Profit for the year | 23 | 22,711 | 27,771 | 7,523 | 14,919 |
| Other comprehensive income/(expense), net of tax | | | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | | | |
| Cash flow hedge | | 3,735 | 6,160 | - | - |
| Foreign currency translation differences for foreign operations | | (664) | (188) | - | - |
| Other comprehensive income for the year, net of tax | | 3,071 | 5,972 | - | - |
| Total comprehensive income for the year | | 25,782 | 33,743 | 7,523 | 14,919 |

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

| | | Group | |
|--|------|----------------|----------------|
| | Note | 2020 RM'000 | 2019 RM'000 |
| Basic earnings per ordinary share (sen) | | | |
| From continuing operations | | 11.06 | 7.26 |
| From discontinued operations | | - | 6.32 |
| | 24 | 11.06 | 13.58 |
| Diluted earnings per ordinary share (sen) | | | |
| From continuing operations | | 7.74 | 5.26 |
| From discontinued operations | | - | 4.58 |
| | 24 | 7.74 | 9.84 |

The notes on pages 98 to 166 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| Group | Note | Attributable to owners of the Group | | | | | | |
|---|---------|-------------------------------------|-------------------------------|---------------------------|---------------------------|------------------------|----------------------------|------------------------|
| | | Non-distributable | | | | Distributable | | |
| | | Share capital RM'000 | Translation reserve RM'000 | Treasury shares RM'000 | Hedging reserve RM'000 | ICULS equity RM'000 | Warrants reserve RM'000 | Total equity RM'000 |
| At 1 January 2019 | | 51,365 | 3,999 | (2,220) | - | 155,602 | 33,921 | 357,683 |
| Cash flow hedge | | - | - | - | 6,160 | - | - | 6,160 |
| Foreign currency translation differences for foreign operations | | - | (188) | - | - | - | - | (188) |
| Total other comprehensive (expense)/income for the year | | - | (188) | - | 6,160 | - | - | 5,972 |
| Profit for the year | | - | - | - | - | - | 27,771 | 27,771 |
| Total comprehensive (expense)/income for the year | | - | (188) | - | 6,160 | - | 27,771 | 33,743 |
| Dividends to owners of the Company | 25 | - | - | - | - | - | (5,657) | (5,657) |
| Issue of ordinary shares | 14 | 149,043 | - | - | - | - | - | 149,043 |
| Conversion of ICULS | 14 | 225 | - | - | - | (168) | (36) | 21 |
| At 31 December 2019 | | 200,633 | 3,811 | (2,220) | 6,160 | 155,434 | 33,921 | 534,833 |
| | Note 14 | Note 14 | Note 14 | Note 14 | Note 29.7 | Note 14 | Note 14 | |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

| | Attributable to owners of the Group | | | | | | |
|---|-------------------------------------|-------------------------------|---------------------------|---------------------------|------------------------|----------------------------|------------------------|
| | Non-distributable | | | Distributable | | | |
| Note | Share capital RM'000 | Translation reserve RM'000 | Treasury shares RM'000 | Hedging reserve RM'000 | ICULS equity RM'000 | Warrants reserve RM'000 | Total equity RM'000 |
| At 1 January 2020 | 200,633 | 3,811 | (2,220) | 6,160 | 155,434 | 33,921 | 534,833 |
| Cash flow hedge | - | - | - | 3,735 | - | - | 3,735 |
| Foreign currency translation differences for foreign operations | - | (664) | - | - | - | - | (664) |
| Total other comprehensive (expense)/income for the year | - | (664) | - | 3,735 | - | - | 3,071 |
| Profit for the year | - | - | - | - | - | 22,711 | 22,711 |
| Total comprehensive (expense)/income for the year | - | (664) | - | 3,735 | - | 22,711 | 25,782 |
| Dividends to owners of the Company | 25 | - | - | - | - | (3,071) | (3,071) |
| Conversion of ICULS | 14 | 2,641 | - | - | (1,977) | - | 242 |
| At 31 December 2020 | 203,274 | 3,147 | (2,220) | 9,895 | 153,457 | 33,921 | 557,786 |
| | Note 14 | Note 14 | Note 14 | Note 29.7 | Note 14 | Note 14 | Note 14 |

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | ← Attributable to owners of the Company → | | | | | |
|--|------|---|-----------------|--------------|------------------|-------------------|--------------|
| | | ← Non-distributable → | | | | Distributable | |
| | Note | Share capital | Treasury shares | ICULS equity | Warrants reserve | Retained earnings | Total equity |
| Company | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2019 | | 51,365 | (2,220) | 155,602 | 33,921 | 489 | 239,157 |
| Profit and total comprehensive income for the year | | - | - | - | - | 14,919 | 14,919 |
| Dividends to owners of the Company | 25 | - | - | - | - | (5,657) | (5,657) |
| Issue of ordinary shares | 14 | 149,043 | - | - | - | - | 149,043 |
| Conversion of ICULS | 14 | 225 | - | (168) | - | (36) | 21 |
| At 31 December 2019/ 1 January 2020 | | 200,633 | (2,220) | 155,434 | 33,921 | 9,715 | 397,483 |
| Profit and total comprehensive income for the year | | - | - | - | - | 7,523 | 7,523 |
| Dividends to owners of the Company | 25 | - | - | - | - | (3,071) | (3,071) |
| Conversion of ICULS | 14 | 2,641 | - | (1,977) | - | (422) | 242 |
| At 31 December 2020 | | 203,274 | (2,220) | 153,457 | 33,921 | 13,745 | 402,177 |
| | | Note 14 | Note 14 | Note 14 | Note 14 | | |

The notes on pages 98 to 166 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | Group | | Company | |
|--|------|----------|----------|---------|----------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before tax from: | | | | | |
| Continuing operations | | 24,644 | 20,397 | 8,214 | 15,608 |
| Discontinued operation | 22 | - | 14,030 | - | - |
| | | 24,644 | 34,427 | 8,214 | 15,608 |
| <i>Adjustments for:</i> | | | | | |
| Depreciation of investment properties | 5 | 100 | 32 | - | - |
| Depreciation of property, plant and equipment | 3 | 29,311 | 25,096 | 1 | - |
| Dividend income | 17 | - | - | (5,000) | (11,000) |
| Finance costs | 20 | 11,366 | 13,949 | 1,574 | 1,959 |
| Finance income | 19 | (236) | (2,610) | (6,169) | (8,105) |
| Inventories written off | | - | 472 | - | - |
| Net gain on disposal of subsidiaries | 22 | - | (9,956) | - | (1,004) |
| Net gain on disposal of property, plant and equipment | | (38) | (183) | - | - |
| Property, plant and equipment written off | | - | 2 | - | - |
| Net gain on termination of right-of-use assets | | (12) | - | - | - |
| Unrealised foreign exchange gain | | (569) | (804) | - | - |
| Operating profit/(loss) before changes in working capital | | 64,566 | 60,425 | (1,380) | (2,542) |
| Change in inventories | | 42,045 | (65,123) | - | - |
| Change in trade and other payables | | (6,667) | 51,144 | (17) | (2,003) |
| Change in trade and other receivables | | (17,828) | (92,744) | - | 389 |
| Change in contract assets | | (5,919) | 9,190 | - | - |
| Change in contract liabilities | | (5,175) | 3,059 | - | - |
| Cash generated from/(used in) operations | | 71,022 | (34,049) | (1,397) | (4,156) |
| Tax paid | | (5,482) | (5,852) | (48) | (49) |
| Tax refunded | | 250 | 3,308 | - | 98 |
| Net cash from/(used in) operating activities | | 65,790 | (36,593) | (1,445) | (4,107) |

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

| | | Group | | Company | |
|--|------|-----------|-----------|---------|-----------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | | (80,926) | (295,315) | - | (2) |
| Acquisition of right-of-use assets | (ii) | (215) | (214) | - | - |
| Acquisition of investment properties | 5 | - | (3,520) | - | - |
| Dividends received from subsidiaries | | - | - | 5,000 | 11,000 |
| Increase in investment in subsidiaries | | - | - | (3,000) | (129,000) |
| Interest received | | 236 | 515 | 6,169 | 3,242 |
| Disposal of discontinued operation | | | | | |
| - Proceeds from disposal, net of cash and cash equivalents disposed of | 22 | - | 33,967 | - | 1,204 |
| Proceeds from disposal of property, plant and equipment | | 38 | 933 | - | - |
| Net cash (used in)/from investing activities | | (80,867) | (263,634) | 8,169 | (113,556) |
| Cash flows from financing activities | | | | | |
| Repayment from/(Advances to) subsidiaries | | - | - | 2,024 | (53,449) |
| Dividends paid to owners of the Company | 25 | (5,117) | (3,611) | (5,117) | (3,611) |
| Drawdown of bankers' acceptances and trust receipts | | 220,333 | 445,129 | - | - |
| Drawdown of bank loans | | 54,476 | 192,741 | - | - |
| Drawdown of revolving credits | | 40,349 | - | - | - |
| Increase in amount due to subsidiaries | | - | - | 617 | 33,551 |
| (Decrease)/Increase in amount due to affiliated companies | | (254) | (1,076) | 134 | 68 |
| Increase in amount due from an associate | | (14) | - | - | - |
| Interest paid on loans and borrowings | | (25,809) | (19,208) | (6,207) | (6,235) |
| Proceeds from issue of shares | | - | 149,043 | - | 149,043 |
| Repayment of bank loans | | (13,821) | (32,753) | - | - |
| Repayment of bankers' acceptances and trust receipts | | (258,515) | (394,936) | - | - |
| Repayment of lease liabilities | | (8,922) | (10,119) | - | - |
| Repayment of revolving credits | | (14,433) | (1,177) | - | - |
| Net cash (used in)/from financing activities | | (11,727) | 324,033 | (8,549) | 119,367 |
| Net (decrease)/increase in cash and cash equivalents | | (26,804) | 23,806 | (1,825) | 1,704 |
| Effect of foreign currency exchange rate fluctuations | | (598) | (183) | - | - |
| Cash and cash equivalents at 1 January | | 79,555 | 55,932 | 2,035 | 331 |
| Cash and cash equivalents at 31 December | | 52,153 | 79,555 | 210 | 2,035 |

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

(i) Cash and cash equivalents

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

| | | Group | | Company | |
|------------------------|------|--------|--------|---------|--------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 13 | 52,558 | 80,383 | 210 | 2,035 |
| Bank overdrafts | 15 | (405) | (828) | - | - |
| | | 52,153 | 79,555 | 210 | 2,035 |

(ii) Acquisition of right-of-use assets

During the financial year ended 31 December 2020, the Group recognised right-of-use assets amounting to RM6,617,000 (2019: RM5,062,000) of which RM215,000 (2019: RM214,000) were down payments made in cash.

(iii) Cash outflows for leases as a lessee

| | | Group | | Company | |
|---|------|--------|--------|---------|--------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Included in net cash from operating activities | | | | | |
| Payment relating to short-term leases | 23 | 1,026 | 983 | - | - |
| Included in net cash from financing activities | | | | | |
| Interest paid in relation to lease liabilities | 20 | 527 | 909 | - | - |
| Payment of lease liabilities | | 8,922 | 10,119 | - | - |
| Total cash outflows for leases | | 10,475 | 12,011 | - | - |

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

cont'd

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

| Group | 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/ 1.1.2020 RM'000 | Net changes from financing cash flows RM'000 | Acquisition of new lease RM'000 | Termination RM'000 | At 31.12.2020 RM'000 |
|---------------------------|-------------------------|---|-----------------------|---|--|--|--------------------------------------|---|--|-----------------------|-------------------------|
| Bank loans | 97,519 | - | 97,519 | 159,988 | - | - | 257,507 | 40,655 | - | - | 298,162 |
| Bankers' acceptances | 108,462 | - | 108,462 | 38,283 | - | (35,633) | 111,112 | (35,453) | - | - | 75,659 |
| Trust receipts | 9,930 | - | 9,930 | 11,910 | - | - | 21,840 | (2,729) | - | - | 19,111 |
| Revolving credits | 11,610 | - | 11,610 | (1,177) | - | - | 10,433 | 25,916 | - | - | 36,349 |
| Bank overdrafts | 2,254 | - | 2,254 | (1,426) | - | - | 828 | (423) | - | - | 405 |
| Finance lease liabilities | 14,916 | (14,916) | - | - | - | - | - | - | - | - | - |
| Lease liabilities | - | 17,529 | 17,529 | (10,119) | 6,030 | (1,246) | 12,194 | (8,922) | 6,402 | (150) | 9,524 |
| | 244,691 | 2,613 | 247,304 | 197,459 | 6,030 | (36,879) | 413,914 | 19,044 | 6,402 | (150) | 439,210 |

The notes on pages 98 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 2020 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 2020 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 27 May 2021.

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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)**
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(a) Statement of compliance cont'd

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

- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)**

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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 plans to apply the abovementioned accounting standards, interpretations and amendments:

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.

- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 January 2021.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for those amendments marked with “*” which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION *cont'd*

(d) Use of estimates and judgements *cont'd*

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

- Note 3 - extension options and incremental borrowing rate in relation to leases
- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 11 - contract assets/contract liabilities
- Note 17 - revenue from construction contracts
- Note 29 - measurement of expected credit loss ("ECL")

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(iii) Loss of control

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

(iv) Associates

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

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

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Basis of consolidation cont'd

(vi) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

Amortised cost

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Financial instruments cont'd

(iii) Financial guarantee contracts cont'd

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

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

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

(iv) Hedge accounting

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

Cash flow hedge

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(v) Derecognition

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

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

(vi) Offsetting

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

(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

(i) Definition of a lease

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leases *cont'd*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(e) Leases cont'd

(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.

(b) As a lessor

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

(f) Goodwill

Goodwill 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(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 of the Company's 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

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3. PROPERTY, PLANT AND EQUIPMENT

| Group | Land | Buildings | Motor vehicles | Office renovation | Furniture and fittings | Office equipment | Plant and 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 |
| Cost | | | | | | | | | | |
| At 1 January 2019 | 5,002 | 25,494 | 7,285 | 1,290 | 3,965 | 7,395 | 110,162 | 286,856 | 83,260 | 530,709 |
| 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/ 1 January 2020 | 5,002 | 166,094 | 4,233 | 1,152 | 2,637 | 6,710 | 295,818 | 253,902 | 85,385 | 820,933 |
| Additions | - | 23,874 | 195 | - | 60 | 446 | 10,834 | 45,517 | 6,617 | 87,543 |
| Borrowing costs capitalised at 2.0% to 7.2% per annum | - | 3,830 | - | - | - | - | 2,554 | 2,556 | 870 | 9,810 |
| Disposals/Derecognition | - | - | - | - | - | - | (55) | - | (2,474) | (2,529) |
| Write-off/Termination | - | - | - | - | (8) | (91) | (62) | - | (138) | (299) |
| Reclassification | - | 158,131 | 1,439 | - | 32 | 236 | 155,322 | (301,975) | (13,185) | - |
| Effect of movements in exchange rates | - | - | - | (17) | (3) | (24) | - | - | - | (44) |
| At 31 December 2020 | 5,002 | 351,929 | 5,867 | 1,135 | 2,718 | 7,277 | 464,411 | - | 77,075 | 915,414 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

| Group | Land | Buildings | Motor vehicles | Office renovation | Furniture and fittings | Office equipment | Plant and machinery | Capital work-in-progress | Right-of-use assets | Total |
|--|--------|-----------|----------------|-------------------|------------------------|------------------|---------------------|--------------------------|---------------------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation | | | | | | | | | | |
| At 1 January 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/ 1 January 2020 | - | 7,988 | 3,241 | 345 | 2,133 | 4,273 | 89,543 | - | 12,058 | 119,581 |
| Depreciation for the year | - | 4,482 | 301 | 114 | 147 | 487 | 18,691 | - | 5,089 | 29,311 |
| Disposals/Derecognition | - | - | - | - | - | - | (55) | - | (2,474) | (2,529) |
| Write-off | - | - | - | - | (8) | (91) | (62) | - | - | (161) |
| Reclassification | - | - | 1,022 | - | 1 | 19 | 3,737 | - | (4,779) | - |
| Effect of movements in exchange rates | - | - | - | (9) | (2) | (25) | - | - | - | (36) |
| At 31 December 2020 | - | 12,470 | 4,564 | 450 | 2,271 | 4,663 | 111,854 | - | 9,894 | 146,166 |
| Carrying amount | | | | | | | | | | |
| At 1 January 2019 | 5,002 | 20,260 | 1,389 | 968 | 696 | 2,260 | 33,853 | 286,856 | 75,875 | 427,159 |
| At 31 December 2019 | 5,002 | 158,106 | 992 | 807 | 504 | 2,437 | 206,275 | 253,902 | 73,327 | 701,352 |
| At 31 December 2020 | 5,002 | 339,459 | 1,303 | 685 | 447 | 2,614 | 352,557 | - | 67,181 | 769,248 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

| Company Cost | Furniture and fittings RM'000 |
|---|--|
| At 1 January 2019 | 13 |
| Additions | 2 |
| At 31 December 2019/1 January 2020/31 December 2020 | 15 |
| Depreciation | |
| At 1 January 2019/31 December 2019/1 January 2020 | 12 |
| Depreciation for the year | 1 |
| At 31 December 2020 | 13 |
| Carrying amount | |
| At 1 January 2019/31 December 2019/1 January 2020 | 3 |
| At 31 December 2020 | 2 |

3.1 Security

Properties with a carrying amount of RM313,133,000 (2019: RM158,506,000) are pledged as security to secure bank loans granted to the Group (see Note 15).

3.2 Capital work-in-progress

Included in the capital work-in-progress of the Group as at 31 December 2020 are costs capitalised amounting to nil (2019: RM253,855,000) 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

3.3 Right-of-use assets

| Group | Leasehold land RM'000 | Buildings RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Plant and equipment/ machinery RM'000 | Total RM'000 |
|---|-----------------------------|---------------------|-----------------------------|-------------------------------|--|-----------------|
| Cost | | | | | | |
| At 1 January 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/ 1 January 2020 | 55,310 | 3,036 | 3,914 | 102 | 23,023 | 85,385 |
| Additions | - | 2,364 | 162 | - | 4,091 | 6,617 |
| Borrowing costs capitalised at 2.0% to 7.2% per annum | 870 | - | - | - | - | 870 |
| Reclassification | - | - | (1,439) | (102) | (11,644) | (13,185) |
| Derecognition | - | (2,397) | - | - | (77) | (2,474) |
| Termination | - | (138) | - | - | - | (138) |
| At 31 December 2020 | 56,180 | 2,865 | 2,637 | - | 15,393 | 77,075 |
| Depreciation | | | | | | |
| 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/ 1 January 2020 | 4,800 | 1,747 | 1,177 | 15 | 4,319 | 12,058 |
| Depreciation for the year | 1,054 | 1,643 | 341 | 5 | 2,046 | 5,089 |
| Reclassification | - | - | (1,022) | (20) | (3,737) | (4,779) |
| Derecognition | - | (2,397) | - | - | (77) | (2,474) |
| At 31 December 2020 | 5,854 | 993 | 496 | - | 2,551 | 9,894 |
| Carrying amount | | | | | | |
| At 31 December 2019 | 50,510 | 1,289 | 2,737 | 87 | 18,704 | 73,327 |
| At 31 December 2020 | 50,326 | 1,872 | 2,141 | - | 12,842 | 67,181 |

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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

3.3 Right-of-use assets cont'd

3.3.1 Significant judgements and assumptions in relation to lease

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

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

3.3.2 Capitalisation of borrowing costs

Borrowing costs are capitalised for land under development.

4. GOODWILL

| | Group | |
|--------------------------|--------|--------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Cost | | |
| At 1 January/31 December | 792 | 792 |

Impairment testing for cash-generating units containing goodwill

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

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

| | Group | |
|----------------------------|--------|--------|
| | 2020 | 2019 |
| | 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..

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. GOODWILL *cont'd*

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% (2019: 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% (2019: 5%).
- The anticipated incremental rate for cost, based on past experience, was estimated to be 5% (2019: 5%).
- A pre-tax discount rate of 8% (2019: 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.

5. INVESTMENT PROPERTIES

| Group | Freehold land RM'000 | Freehold buildings RM'000 | Leasehold buildings RM'000 | Total RM'000 |
|---|----------------------------|---------------------------------|----------------------------------|-----------------|
| Cost | | | | |
| At 1 January 2019 | 42 | 1,486 | - | 1,528 |
| Additions | - | - | 3,520 | 3,520 |
| At 31 December 2019/1 January 2020/ 31 December 2020 | 42 | 1,486 | 3,520 | 5,048 |
| Depreciation | | | | |
| At 1 January 2019 | - | 342 | - | 342 |
| Depreciation for the year | - | 29 | 3 | 32 |
| At 31 December 2019/1 January 2020 | - | 371 | 3 | 374 |
| Depreciation for the year | - | 30 | 70 | 100 |
| At 31 December 2020 | - | 401 | 73 | 474 |
| Carrying amounts | | | | |
| At 1 January 2019 | 42 | 1,144 | - | 1,186 |
| At 31 December 2019/1 January 2020 | 42 | 1,115 | 3,517 | 4,674 |
| At 31 December 2020 | 42 | 1,085 | 3,447 | 4,574 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

5. INVESTMENT PROPERTIES cont'd

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 | |
|---|--------|--------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Direct operating expenses: | | |
| - non-income generating investment properties | (96) | (28) |

Fair value information

Fair value of investment properties are categorised as follows:

| | Group | |
|----------------|--------|--------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Level 3 | | |
| Freehold land | 91 | 130 |
| Buildings | 5,444 | 5,460 |
| | 5,535 | 5,590 |

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.

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|--------------------------|----------------|----------------|
| | 2020 RM'000 | 2019 RM'000 |
| Unquoted shares, at cost | 251,790 | 248,790 |

The movement of investments in subsidiaries is as follows:

| | Company | |
|--|----------------|----------------|
| | 2020 RM'000 | 2019 RM'000 |
| At 1 January | 248,790 | 119,990 |
| Disposals of subsidiaries | - | (200) |
| Subscription of additional shares | 3,000 | 129,000 |
| At 31 December | 251,790 | 248,790 |
| Satisfied by cash | 3,000 | 129,000 |
| Consideration paid for subscription of additional shares | 3,000 | 129,000 |

Details of the subsidiaries are as follows:

| Name of entity | Country of incorporation/ Principal place of business | Principal activities | Effective ownership interest and voting interest | |
|---|--|---|--|-----------|
| | | | 2020 % | 2019 % |
| PMB Silicon Sdn. Bhd. | Malaysia | Production and distribution of metallic silicon and related products | 100 | 100 |
| PMB Land (Sg. Besi) Sdn. Bhd. (formerly known as Everlast System Builder Sdn. Bhd.) ^ | Malaysia | Property developer and manufacturing, trading and distribution of Industrial Building System and aluminium related products | 100 | 100 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES cont'd

| Name of entity | Country of incorporation/ Principal place of business | Principal activities | Effective ownership interest and voting interest | |
|---|--|---|--|-----------|
| | | | 2020 % | 2019 % |
| 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 Carbon Sdn. Bhd. | Malaysia | Investment holding company, manufacturing and marketing of carbon based products as well as trading, distribution and fabrication of aluminium related products | 100 | 100 |
| PMB Chemical Sdn. Bhd. | Malaysia | Dormant | 100 | 100 |
| Everlast Aluminium (M) Sdn. Bhd. and its subsidiaries:- | Malaysia | Marketing of aluminium and other related products | 100 | 100 |
| Everlast Environmental Management Sdn. Bhd. | Malaysia | Dormant | 100 | 100 |
| Everlast Access Technologies Sdn. Bhd. | Malaysia | Manufacturing and marketing of aluminium and other related products | 100 | 100 |
| PMB Quick Access Sdn. Bhd. * | Malaysia | Marketing and rental of scaffolding tower and machinery as well as trading of other related products and to provide relevant transportation services | 100 | 100 |

* Not audited by member firms of KPMG International.

Consolidated based on management accounts.

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

^ On 22 October 2020, the ownership of Everlast System Builder Sdn. Bhd. was transferred from Everlast Aluminium (M) Sdn. Bhd. to the Company with a total cash consideration of RM2,999,999. On 28 December 2020, the name of the Company was changed from "Everlast System Builder Sdn. Bhd." to "PMB Land (Sg. Besi) Sdn. Bhd."

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT IN ASSOCIATES

| | Group | |
|------------------------------------|--------|--------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| At cost | | |
| 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% (2019: 49%) effective ownership interest and voting interest in the associate.

During the year, the Group has a new associate, Greentec Logging Sdn. Bhd. ("GLSB") which was incorporated on 9 January 2020. The Group has a 40% (2019: nil) effective ownership interest and voting interest in the associate.

Both associates are 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 | |
|-------------------------------|----------|---------|-------------|--------|----------|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | |
| Property, plant and equipment | - | - | 44,913 | 7,916 | 44,913 | 7,916 |
| Provisions | (35) | (178) | - | - | (35) | (178) |
| Tax loss carry-forward | (907) | - | - | - | (907) | - |
| Unabsorbed capital allowances | (38,743) | - | - | - | (38,743) | - |
| ICULS | (3,675) | (4,771) | - | - | (3,675) | (4,771) |
| Hedging reserve | - | - | 768 | - | 768 | - |
| Other items | (30) | (34) | 100 | 92 | 70 | 58 |
| Tax (assets)/liabilities | (43,390) | (4,983) | 45,781 | 8,008 | 2,391 | 3,025 |
| Set off of tax | 39,346 | 178 | (39,346) | (178) | - | - |
| Net tax (assets)/liabilities | (4,044) | (4,805) | 6,435 | 7,830 | 2,391 | 3,025 |
| Company | | | | | | |
| Provisions | (35) | (34) | - | - | (35) | (34) |
| Tax loss carry-forward | (334) | - | - | - | (334) | - |
| ICULS | (3,675) | (4,771) | - | - | (3,675) | (4,771) |
| Tax assets | (4,044) | (4,805) | - | - | (4,044) | (4,805) |
| Set off of tax | - | - | - | - | - | - |
| Net tax assets | (4,044) | (4,805) | - | - | (4,044) | (4,805) |

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:

| | At 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/ 1.1.2020 RM'000 | Recognised in profit or loss (Note 21) RM'000 | Recognised directly in equity (Note 14) RM'000 | Recognised in other comprehensive income (Note 29.7) RM'000 | At 31.12.2020 RM'000 |
|-------------------------------------|--------------------------|---|--|--|---|---|--|--|----------------------------|
| Group | | | | | | | | | |
| Property, plant and equipment | 7,059 | 1,122 | - | (265) | 7,916 | 36,997 | - | - | 44,913 |
| Provisions | (178) | - | - | - | (178) | 143 | - | - | (35) |
| Tax loss carried- forwards | - | - | - | - | - | (907) | - | - | (907) |
| Unabsorbed capital allowances | - | - | - | - | - | (38,743) | - | - | (38,743) |
| ICULS | (5,500) | 723 | 6 | - | (4,771) | 1,026 | 70 | - | (3,675) |
| Hedging reserve | - | - | - | - | - | - | - | 768 | 768 |
| Other items | 229 | (171) | - | - | 58 | 12 | - | - | 70 |
| | 1,610 | 1,674 | 6 | (265) | 3,025 | (1,472) | 70 | 768 | 2,391 |
| Company | | | | | | | | | |
| Provisions | - | (34) | - | - | (34) | (1) | - | - | (35) |
| Tax loss carried -forwards | - | - | - | - | - | (334) | - | - | (334) |
| ICULS | (5,500) | 723 | 6 | - | (4,771) | 1,026 | 70 | - | (3,675) |
| | (5,500) | 689 | 6 | - | (4,805) | 691 | 70 | - | (4,044) |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

9. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES)

| | 2020 | | | 2019 | | |
|-----------------------------------|----------------------------|------------------|-----------------------|----------------------------|------------------|-----------------------|
| | Nominal value RM'000 | Assets RM'000 | Liabilities RM'000 | Nominal value RM'000 | Assets RM'000 | Liabilities RM'000 |
| Group | | | | | | |
| Derivatives used for hedging:- | | | | | | |
| Forward exchange contracts | | | | | | |
| - Non-current | 165,064 | 7,581 | - | 191,829 | 4,769 | - |
| - Current | 83,636 | 3,082 | - | 50,814 | 1,391 | - |
| | 248,700 | 10,663 | - | 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 months after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

10. INVENTORIES

| | Group | |
|---|----------------|----------------|
| | 2020 RM'000 | 2019 RM'000 |
| Raw materials | 57,212 | 70,725 |
| Work-in-progress | 6,069 | 5,209 |
| Trading inventories and finished goods | 46,526 | 75,918 |
| | 109,807 | 151,852 |
| Recognised in profit or loss: | | |
| Inventories recognised as cost of sales | 344,435 | 273,088 |
| Inventories written off | - | 472 |

11. CONTRACT WITH CUSTOMERS

11.1 Contract assets/(liabilities)

| Group | 2020 RM'000 | 2019 RM'000 |
|----------------------|----------------|----------------|
| Contract assets | 30,820 | 24,901 |
| Contract liabilities | (4,105) | (9,280) |

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.

NOTES TO THE FINANCIAL STATEMENTS

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11. CONTRACT WITH CUSTOMERS cont'd

11.1 Contract assets/(liabilities) cont'd

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 | 2020 RM'000 | 2019 RM'000 |
|---|----------------|----------------|
| Contract liabilities at the beginning of the period recognised as revenue during the financial year | (8,501) | (6,009) |
| Contract liabilities at the beginning of the period not recognised as revenue during the financial year due to change in time frame | (779) | (212) |
| Contract assets at the beginning of the period not transferred to trade receivables during the financial year due to change in time frame | 6,722 | 8,522 |

12. TRADE AND OTHER RECEIVABLES

| | Note | Group | | Company | |
|---------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Current | | | | | |
| Trade | | | | | |
| Trade receivables | | 60,162 | 54,109 | - | - |
| Progress billings receivable | 12.1 | 77,404 | 61,533 | - | - |
| Less: Impairment losses | | (400) | (400) | - | - |
| | | 137,166 | 115,242 | - | - |
| Amounts due from affiliated companies | 12.2 | 9,955 | 17,967 | - | - |
| | | 147,121 | 133,209 | - | - |
| Non-trade | | | | | |
| Amounts due from associate | 12.2 | 14 | - | - | - |
| Amounts due from subsidiaries | 12.2 | - | - | 197,800 | 199,824 |
| Other receivables | | 798 | 6,644 | - | - |
| Deposits | | 8,430 | 1,540 | 2 | 2 |
| Prepayments | 12.3 | 23,189 | 20,452 | - | - |
| | | 32,431 | 28,636 | 197,802 | 199,826 |
| | | 179,552 | 161,845 | 197,802 | 199,826 |

NOTES TO THE FINANCIAL STATEMENTS

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12. TRADE AND OTHER RECEIVABLES *cont'd*

12.1 Progress billings receivable

Included in progress billings receivable at 31 December 2020 are retentions of RM27,256,000 (2019: RM28,161,000) relating to construction work-in-progress. Retentions are unsecured, interest free and are expected to be collected as follows:

| | Group | |
|---------------|--------|--------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Within 1 year | 313 | 980 |
| 1 - 2 years | 26,943 | 27,181 |
| | 27,256 | 28,161 |

12.2 Amounts due from related parties

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

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

12.3 Prepayments

Included in the prepayments are advances made for plant and equipment and raw materials amounting to RM12,052,000 (2019: RM12,446,000) and RM4,387,000 (2019: RM4,771,000) respectively.

13. CASH AND CASH EQUIVALENTS

| | | Group | | Company | |
|---|------|--------|--------|---------|--------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | | 52,558 | 80,383 | 210 | 2,035 |
| Bank overdraft | 15 | (405) | (828) | - | - |
| Cash and cash equivalents in the statements of cash flows | | 52,153 | 79,555 | 210 | 2,035 |

NOTES TO THE FINANCIAL STATEMENTS

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14. CAPITAL AND RESERVES

Share capital

| | Group and Company | | | |
|---|--------------------------|-------------------------------------|--------------------------|-------------------------------------|
| | Amount 2020 RM'000 | Number of shares 2020 '000 | Amount 2019 RM'000 | Number of shares 2019 '000 |
| Issued and fully paid: | | | | |
| Ordinary shares | | | | |
| At 1 January | 200,633 | 209,670 | 51,365 | 161,614 |
| Conversion of irredeemable convertible unsecured loan stocks ("ICULS") | 2,641 | 964 | 225 | 82 |
| Issued for cash under Private Placement I and II | - | - | 149,043 | 47,974 |
| At 31 December | 203,274 | 210,634 | 200,633 | 209,670 |

Ordinary shares

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

Hedging reserve

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

Translation reserve

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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14. CAPITAL AND RESERVES *cont'd*

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 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 2019/1 January 2020 | 155,434 | 21,353 | 176,787 |
| Converted into ordinary shares during the year | (2,329) | (312) | (2,641) |
| Recognised directly in retained earnings | 422 | - | 422 |
| Accrual of interest | - | 1,574 | 1,574 |
| Repayment of interest | - | (6,207) | (6,207) |
| Deferred tax effect (Note 8): | | | |
| - on conversion | (70) | - | (70) |
| At 31 December 2020 | 153,457 | 16,408 | 169,865 |

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, 964,000 (2019: 82,000) new ordinary shares amounting to RM2,641,000 (2019: RM225,000) were issued resulting from the conversion of 964,000 (2019: 82,000) units of ICULS at the conversion price of RM2.74.

NOTES TO THE FINANCIAL STATEMENTS

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14. CAPITAL AND RESERVES cont'd

Warrant reserves

| | Group and Company | | | |
|--------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|
| | Amount 2020 RM'000 | Number warrant 2020 '000 | Amount 2019 RM'000 | Number warrant 2019 '000 |
| At 1 January/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.

15. LOANS AND BORROWINGS

| | | Group | |
|--|------|---------|---------|
| | Note | 2020 | 2019 |
| | | RM'000 | RM'000 |
| Non-current | | | |
| Bank loans - secured: | | | |
| - Fixed rate | 15.1 | - | 160 |
| - Floating rate | 15.1 | 261,636 | 236,928 |
| | | 261,636 | 237,088 |
| Current | | | |
| Bank loans - secured: | | | |
| - Fixed rate | 15.1 | 160 | 259 |
| - Floating rate | 15.1 | 36,366 | 20,160 |
| Bankers' acceptances, trust receipts and revolving credits - unsecured | 15.2 | 131,119 | 143,385 |
| Bank overdrafts - unsecured | 15.3 | 405 | 828 |
| | | 168,050 | 164,632 |
| | | 429,686 | 401,720 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

15. LOANS AND BORROWINGS *cont'd*

15.1 Bank loans - secured

Fixed rate bank loan is subject to a fixed interest rate of 7.25% (2019: 7.25%) per annum.

Floating rate term loans are subject to floating interest rates ranging from 0.25% to 1.50% (2019: 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 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 2.06% to 5.70% (2019: 4.28% to 5.67%) per annum and are guaranteed by the Company.

15.3 Bank overdrafts – unsecured

The bank overdrafts of the Group are subject to floating interest rates of 1.0% (2019: 1.0%) per annum above the bank's base lending rate or Hong Kong Interbank Offered Rate ("HIBOR") and are guaranteed by the Company.

16. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|-------------------------------------|------|---------|---------|---------|--------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade | | | | | |
| Trade payables | | 73,692 | 84,680 | - | - |
| Amounts due to affiliated companies | 16.1 | 9,385 | 15,311 | - | - |
| | | 83,077 | 99,991 | - | - |
| Non-trade | | | | | |
| Amounts due to affiliated companies | 16.1 | 358 | 612 | 244 | 110 |
| Amounts due to subsidiaries | 16.1 | - | - | 34,777 | 34,160 |
| Advances | | 1,108 | 1,813 | - | - |
| Other payables and accrued expenses | 16.2 | 55,387 | 47,185 | 335 | 2,398 |
| | | 56,853 | 49,610 | 35,356 | 36,668 |
| | | 139,930 | 149,601 | 35,356 | 36,668 |

16.1 Amounts due to related parties

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

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

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 RM180,000 (2019: RM11,296,000) and RM22,005,000 (2019: RM10,587,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

17. REVENUE

| | Continuing operations | | Group Discontinued operations | | Total | |
|---------------------------------------|-----------------------|---------|-------------------------------|---------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with customers | 604,811 | 399,746 | - | 153,435 | 604,811 | 553,181 |
| | | | | | | |
| | | | | | Company | |
| | | | | | 2020 | 2019 |
| | | | | | RM'000 | RM'000 |
| Other revenue | | | | | | |
| Management fees | | | | | 1,520 | 790 |
| Dividend income | | | | | 5,000 | 11,000 |
| | | | | | 6,520 | 11,790 |

17.1 Disaggregation of revenue

| Group | Reportable segments | | | | | | Total | |
|--|---------------------------|---------|------------------------------|---------|--|---------|---------|---------|
| | Manufacturing and trading | | Construction and fabrication | | Manufacturing and trading (discontinued) | | 2020 | 2019 |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Primary geographical markets | | | | | | | | |
| Malaysia | 72,252 | 81,859 | 108,523 | 82,976 | - | 153,435 | 180,775 | 318,270 |
| Hong Kong | - | - | 123,672 | 149,289 | - | - | 123,672 | 149,289 |
| Other countries | 298,196 | 78,953 | 2,168 | 6,669 | - | - | 300,364 | 85,622 |
| | 370,448 | 160,812 | 234,363 | 238,934 | - | 153,435 | 604,811 | 553,181 |
| Major products and services lines | | | | | | | | |
| Aluminium related products and others | 35,471 | 42,401 | 46,955 | 74,117 | - | 153,435 | 82,426 | 269,953 |
| Metallic Silicon | 334,977 | 118,411 | - | - | - | - | 334,977 | 118,411 |
| Construction contracts | - | - | 187,408 | 164,817 | - | - | 187,408 | 164,817 |
| | 370,448 | 160,812 | 234,363 | 238,934 | - | 153,435 | 604,811 | 553,181 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

17. REVENUE cont'd

17.1 Disaggregation of revenue cont'd

| Group | Reportable segments | | | | | | | |
|--|---------------------------|----------------|------------------------------|----------------|--|----------------|----------------|----------------|
| | Manufacturing and trading | | Construction and fabrication | | Manufacturing and trading (discontinued) | | Total | |
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Timing and recognition | | | | | | | | |
| At a point in time | 370,448 | 160,812 | 46,955 | 74,117 | - | 153,435 | 417,403 | 388,364 |
| Overtime | - | - | 187,408 | 164,817 | - | - | 187,408 | 164,817 |
| | 370,448 | 160,812 | 234,363 | 238,934 | - | 153,435 | 604,811 | 553,181 |
| Revenue from contracts with customers | 370,448 | 160,812 | 234,363 | 238,934 | - | 153,435 | 604,811 | 553,181 |

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 | 2019 RM'000 |
|------------------------|----------------|----------------|
| Construction contracts | 466,927 | 473,925 |

The above revenue does not include variable consideration.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

17. REVENUE cont'd

17.3 Transaction price allocated to the remaining performance obligations cont'd

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.

18. COST OF SALES

| | Continuing operations | | Group Discontinued operation | | Total | | Company | |
|------------------------|-----------------------|---------|---------------------------------|---------|---------|---------|---------|--------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Sale of goods | 364,895 | 184,023 | - | 136,057 | 364,895 | 320,080 | - | - |
| Construction contracts | 152,293 | 133,997 | - | - | 152,293 | 133,997 | - | - |
| | 517,188 | 318,020 | - | 136,057 | 517,188 | 454,077 | - | - |

19. FINANCE INCOME

| | Continuing operations | | Group Discontinued operation | | Total | | Company | |
|--|-----------------------|--------|---------------------------------|--------|--------|--------|---------|--------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | 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 | 236 | 2,550 | - | 60 | 236 | 2,610 | 6,169 | 8,105 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

20. FINANCE COSTS

| | Continuing operations | | Group Discontinued operation | | Total | | Company | |
|---|-----------------------|--------|---------------------------------|--------|--------|--------|---------|--------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | 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 | 20,209 | 15,947 | - | 2,138 | 20,209 | 18,085 | 1,573 | 1,958 |
| Interest expense on lease liabilities | 527 | 833 | - | 76 | 527 | 909 | - | - |
| Other finance costs | 440 | 201 | - | 13 | 440 | 214 | 1 | 1 |
| | 21,176 | 16,981 | - | 2,227 | 21,176 | 19,208 | 1,574 | 1,959 |
| Recognised in profit or loss | 11,366 | 11,722 | - | 2,227 | 11,366 | 13,949 | 1,574 | 1,959 |
| Capitalised as qualifying asset: | | | | | | | | |
| - property, plant and equipment (Note 3) | 9,810 | 5,259 | - | - | 9,810 | 5,259 | - | - |
| | 21,176 | 16,981 | - | 2,227 | 21,176 | 19,208 | 1,574 | 1,959 |

21. TAX EXPENSE

Recognised in profit or loss

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Income tax expense on continuing operations | 1,933 | 5,551 | 691 | 689 |
| Income tax expense on discontinued operation (excluding gain on sale) | - | 1,105 | - | - |
| Total income tax expense | 1,933 | 6,656 | 691 | 689 |
| Current tax expense | | | | |
| - current year | 3,637 | 4,852 | - | - |
| - prior year | (232) | 130 | - | - |
| Total current tax recognised in profit or loss | 3,405 | 4,982 | - | - |
| Deferred tax expense | | | | |
| Origination of temporary differences | 2,075 | 1,808 | 691 | 689 |
| Over provision in prior year | (3,547) | (134) | - | - |
| Total deferred tax recognised in profit or loss | (1,472) | 1,674 | 691 | 689 |
| Total income tax expense | 1,933 | 6,656 | 691 | 689 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. TAX EXPENSE cont'd

Recognised in profit or loss cont'd

| | Group | | Company | |
|---|---------|---------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Reconciliation of tax expense | | | | |
| Profit before tax from: | | | | |
| Continuing operations | 24,644 | 20,397 | 8,214 | 15,608 |
| Discontinued operation | - | 14,030 | - | - |
| | 24,644 | 34,427 | 8,214 | 15,608 |
| Income tax calculated using Malaysian tax rate of 24% (2019: 24%) | 5,915 | 8,262 | 1,971 | 3,746 |
| Effect of tax rates in foreign jurisdictions | (350) | (501) | - | - |
| Non-deductible expenses | 1,891 | 1,667 | 1,400 | 1,080 |
| Non-taxable income | (1,744) | (2,768) | - | - |
| Tax-exempt income | - | - | (2,680) | (4,137) |
| Over provision in prior year | (3,779) | (4) | - | - |
| | 1,933 | 6,656 | 691 | 689 |

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.

Profit attributable to the discontinued operation was as follows:

Results of discontinued operation

| | Group 2019 RM'000 |
|--|-------------------------|
| Revenue | 153,435 |
| Expenses | (149,361) |
| Results from operating activities | 4,074 |
| Tax expense | (1,105) |
| Results from operating activities, net of tax | 2,969 |
| Gain on sale of discontinued operation | 9,956 |
| Profit for the year | 12,925 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. DISCONTINUED OPERATION *cont'd*

At 31 December 2019, the profit from discontinued operation of RM12,925,000 was attributable entirely to the owners of the Company.

| | Group 2019 RM'000 |
|--|-------------------------|
| Cash flows from/(used in) discontinued operation | |
| 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 | <u>3,124</u> |
| Effect of disposal on the financial position of the Group | |
| | Group 2019 RM'000 |
| Property, plant and equipment | 3,216 |
| Right-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 | <u>34,430</u> |
| 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 | <u>33,967</u> |
| Gain on disposal of subsidiaries | |
| - Attributable to gain on disposed interest | <u>9,956</u> |

NOTES TO THE FINANCIAL STATEMENTS

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23. PROFIT FOR THE YEAR

| | Group | | Company | |
|--|---------|---------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the year is arrived at after charging/(crediting): | | | | |
| Auditors' remuneration: | | | | |
| - Audit fees | | | | |
| KPMG PLT Malaysia | 269 | 328 | 75 | 85 |
| Other auditors | 84 | 102 | - | - |
| - Non-audit fees | | | | |
| KPMG PLT Malaysia | 25 | 25 | 25 | 25 |
| Affiliate of KPMG PLT Malaysia | 41 | 21 | 41 | 21 |
| Affiliates of other auditors | 4 | 7 | - | - |
| Material expenses/(income) | | | | |
| Depreciation of investment properties | 100 | 32 | - | - |
| Depreciation of property, plant and equipment | 29,311 | 25,096 | 1 | - |
| Finance costs | 11,366 | 13,949 | 1,574 | 1,959 |
| Inventories written off | - | 472 | - | - |
| Net realised foreign exchange (gain)/loss | (2,013) | 555 | - | - |
| Net unrealised foreign exchange gain | (569) | (804) | - | - |
| Property, plant and equipment written off | - | 2 | - | - |
| Personnel expenses (including key management personnel): | | | | |
| - Contributions to Employees' Provident Fund | 2,369 | 2,713 | 172 | 206 |
| - Wages, salaries and others | 48,824 | 46,840 | 1,942 | 1,981 |
| Finance income | (236) | (2,610) | (6,169) | (8,105) |
| Gain on disposal of property, plant and equipment | (38) | (183) | - | - |
| Management fees from subsidiaries | - | - | (1,520) | (790) |
| Expenses/(income) arising from leases | | | | |
| Expenses relating to short-term leases (Note a) | 1,026 | 983 | - | - |
| Rental income from motor vehicles | (36) | - | - | - |
| Net loss on impairment of financial instruments and contract assets | | | | |
| Net impairment loss on financial assets | 122 | - | - | - |

Note a

The Group leases office premises, apartments, warehouses and factory facilities with contract terms of less than one year. These leases are short term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

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24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2020 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 |
|---|------------------------------------|-------------------------------------|-----------------|
| 2020 | | | |
| Profit attributable to owners of the Company | 22,711 | - | 22,711 |
| 2019 | | | |
| Profit attributable to owners of the Company | 14,846 | 12,925 | 27,771 |
| | Group | | |
| | 2020 | 2019 | |
| | '000 | '000 | |
| Weighted average number of ordinary shares at 31 December | | 205,347 | 204,570 |
| | Group | | |
| | 2020 | 2019 | |
| | sen | sen | |
| From continuing operations | 11.06 | 7.26 | |
| From discontinued operation | - | 6.32 | |
| Basic earnings per ordinary share | 11.06 | 13.58 | |

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2020 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 |
|--|------------------------------------|-------------------------------------|-----------------|
| 2020 | | | |
| Profit attributable to ordinary shareholders | 22,711 | - | 22,711 |
| 2019 | | | |
| Profit attributable to ordinary shareholders | 14,846 | 12,925 | 27,771 |

NOTES TO THE FINANCIAL STATEMENTS

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24. EARNINGS PER ORDINARY SHARE cont'd

Diluted earnings per ordinary share cont'd

| | Group | |
|---|---------|---------|
| | 2020 | 2019 |
| | '000 | '000 |
| Weighted average number of ordinary shares at 31 December (basic) | 205,347 | 204,570 |
| Potential dilution arising from outstanding ICULS | 74,819 | 75,783 |
| Potential dilution arising from free Warrants | 13,280 | 1,722 |
| Weighted average number of ordinary shares at 31 December (diluted) | 293,446 | 282,075 |

| | Group | |
|-------------------------------------|-------|------|
| | 2020 | 2019 |
| | sen | sen |
| From continuing operations | 7.74 | 5.26 |
| From discontinued operation | - | 4.58 |
| Diluted earnings per ordinary share | 7.74 | 9.84 |

25. DIVIDENDS

Dividends recognised by the Company:

| | Sen per share | Total amount RM'000 | Date of payment |
|------------------------------|------------------|---------------------------|-----------------|
| 2020 | | | |
| Special 2019 ordinary | 1.50 | 3,071 | 16 April 2020 |
| Total amount | | 3,071 | |
| 2019 | | | |
| 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 | |

Subsequent to the financial year end, the Directors declared a first ordinary dividend of 1 sen per ordinary share totalling RM2,057,613 in respect of the financial year ended 31 December 2020, which was paid on 13 April 2021. 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 holding and others.* Included investment holding and dormant companies.

There are varying levels of integration between the Manufacturing and Trading, and the Construction and Fabrication reportable segments. This integration includes transfers of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on a negotiated basis.

Performance is measured based on segment profit before tax and interest as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. OPERATING SEGMENTS cont'd

| | Manufacturing and trading | | Construction and fabrication | | Manufacturing and trading (discontinued) | | Investment holding and others | | Total | |
|--|---------------------------|---------|------------------------------|---------|--|---------|-------------------------------|---------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment profit | 28,477 | 18,936 | 8,899 | 12,563 | - | 16,198 | 3,398 | 9,452 | 40,774 | 57,149 |
| <i>Included in the measure of segment profit are:</i> | | | | | | | | | | |
| Revenue from external customers | 370,448 | 160,812 | 234,363 | 238,934 | - | 153,435 | - | - | 604,811 | 553,181 |
| Inter-segment revenue | 31,728 | 39,465 | 38,711 | 132,357 | - | - | 6,520 | 11,790 | 76,959 | 183,612 |
| Depreciation | 19,525 | 14,822 | 9,886 | 9,467 | - | 839 | - | - | 29,411 | 25,128 |
| Segment assets | 1,021,533 | 980,736 | 236,621 | 255,447 | - | 108,011 | 464,120 | 455,523 | 1,722,274 | 1,799,717 |
| <i>Included in the measure of segment assets are:</i> | | | | | | | | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 92,696 | 307,356 | 4,657 | 3,389 | - | 1,021 | 3,000 | 129,003 | 100,353 | 440,769 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. OPERATING SEGMENTS *cont'd*

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

| | 2020 RM'000 | 2019 RM'000 |
|---|----------------|----------------|
| Profit or loss | | |
| Total profit for reportable segments | 40,774 | 57,149 |
| Elimination of inter-segment profits | (5,000) | (11,383) |
| Finance income | 236 | 2,610 |
| Finance costs | (11,366) | (13,949) |
| Tax expense | (1,933) | (6,656) |
| Profit on discontinued operation | - | (12,925) |
| Consolidated profit (excluding discontinued operations) | 22,711 | 14,846 |
| Total assets | | |
| Total assets for reportable segments | 1,722,274 | 1,799,717 |
| Elimination of inter-segment balances | (558,337) | (553,947) |
| Discontinued operation | - | (108,011) |
| Consolidated total | 1,163,937 | 1,137,759 |
| Additions to non-current assets | | |
| Total additions to non-current assets for reportable segments | 100,353 | 440,769 |
| Elimination of inter-segment balances | (3,000) | (129,000) |
| Discontinued operation | - | (1,021) |
| Consolidated total | 97,353 | 310,748 |

Geographical segments

The Manufacturing and Trading, and the Construction and Fabrication segments are managed mainly in two principal geographical areas, Malaysia (country of domicile) and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

| | Revenue 2020 RM'000 | Non-current assets 2020 RM'000 | Revenue 2019 RM'000 | Non-current assets 2019 RM'000 |
|--|---------------------------|---|---------------------------|---|
| Geographical information | | | | |
| Malaysia | 180,775 | 783,350 | 318,270 | 720,109 |
| Hong Kong | 123,672 | 2,889 | 149,289 | 1,846 |
| Other countries | 300,364 | - | 85,622 | - |
| Manufacturing and trading (discontinued) | - | - | (153,435) | (5,563) |
| | 604,811 | 786,239 | 399,746 | 716,392 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. OPERATING SEGMENTS cont'd

Major customers

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

| | Revenue | | Segment |
|------------|---------|--------|---------------------------|
| | 2020 | 2019 | |
| | RM'000 | RM'000 | |
| Customer A | 62,185 | 11,052 | Manufacturing and trading |
| Customer B | 89,090 | 22,814 | Manufacturing and trading |

27. CAPITAL COMMITMENTS

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Capital expenditure commitments | | | | |
| Plant and equipment | | | | |
| Contracted but not provided for | 1,314 | 8,386 | - | - |

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 | |
|---|--------|--------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Guarantees given to contract customers | 85,432 | 21,363 | - | - |
| Guarantees given to financial institutions for facilities granted to subsidiaries | - | - | 521,774 | 469,224 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2020 categorised as follows:

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

| | Carrying amount RM'000 | AC RM'000 | Derivatives used for hedging RM'000 |
|-------------------------------|------------------------------|------------------|--|
| 2020 | | | |
| Group | | | |
| Financial assets | | | |
| Trade and other receivables * | 156,363 | 156,363 | - |
| Derivative financial assets | 10,663 | - | 10,663 |
| Cash and cash equivalents | 52,558 | 52,558 | - |
| | 219,584 | 208,921 | 10,663 |
| Financial liabilities | | | |
| Loans and borrowings | (429,686) | (429,686) | - |
| Trade and other payables # | (138,822) | (138,822) | - |
| | (568,508) | (568,508) | - |
| Company | | | |
| Financial assets | | | |
| Trade and other receivables | 197,802 | 197,802 | - |
| Cash and cash equivalents | 210 | 210 | - |
| | 198,012 | 198,012 | - |
| Financial liabilities | | | |
| Trade and other payables | (35,356) | (35,356) | - |

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 |
|-------------------------------|------------------------------|------------------|--|
| 2019 | | | |
| Group | | | |
| Financial assets | | | |
| Trade and other receivables * | 141,393 | 141,393 | - |
| Derivative financial assets | 6,160 | - | 6,160 |
| Cash and cash equivalents | 80,383 | 80,383 | - |
| | <u>227,936</u> | <u>221,776</u> | <u>6,160</u> |
| Financial liabilities | | | |
| Loans and borrowings | (401,720) | (401,720) | - |
| Trade and other payables # | (147,788) | (147,788) | - |
| | <u>(549,508)</u> | <u>(549,508)</u> | <u>-</u> |
| Company | | | |
| Financial assets | | | |
| Trade and other receivables | 199,826 | 199,826 | - |
| Cash and cash equivalents | 2,035 | 2,035 | - |
| | <u>201,861</u> | <u>201,861</u> | <u>-</u> |
| Financial liabilities | | | |
| Trade and other payables | (36,668) | (36,668) | - |

* Excluding prepayment of RM23,189,000 (2019: RM20,452,000)

Excluding advances of RM1,108,000 (2019: RM1,813,000)

29.2 Net gain and losses arising from financial instruments

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Net (gain) and losses on: | | | | |
| Financial assets at amortised cost | (2,758) | (2,292) | (6,169) | (8,105) |
| Financial liabilities at amortised cost | 11,306 | 13,382 | 1,574 | 1,959 |
| Net loss on impairment of financial instruments: | | | | |
| Financial assets at amortised cost | 122 | - | - | - |
| | <u>8,670</u> | <u>11,090</u> | <u>(4,595)</u> | <u>(6,146)</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 | |
|----------|---------|---------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Domestic | 15,815 | 39,575 |
| Asia | 111,334 | 85,088 |
| Others | 40,837 | 15,480 |
| | 167,986 | 140,143 |

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 2020 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 |
|----------------------------|---------------------------------|--------------------------|-----------------------|
| 2020 | | | |
| Current (not past due) | 156,963 | - | 156,963 |
| 1 - 30 days past due | 8,137 | - | 8,137 |
| 31 - 60 days past due | 267 | - | 267 |
| 61 - 90 days past due | 692 | - | 692 |
| | 166,059 | - | 166,059 |
| Credit impaired | | | |
| More than 90 days past due | 2,327 | (400) | 1,927 |
| | 168,386 | (400) | 167,986 |
| Trade receivables | 137,566 | (400) | 137,166 |
| Contract assets | 30,820 | - | 30,820 |
| | 168,386 | (400) | 167,986 |
| 2019 | | | |
| 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 |
| | 138,129 | - | 138,129 |
| Credit impaired | | | |
| More than 90 days past due | 2,414 | (400) | 2,014 |
| | 140,543 | (400) | 140,143 |
| Trade receivables | 115,642 | (400) | 115,242 |
| Contract assets | 24,901 | - | 24,901 |
| | 140,543 | (400) | 140,143 |

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 | Credit impaired | | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1 January 2019 | (400) | (4,039) | - | (4,439) |
| Amount written off | - | 4,039 | - | 4,039 |
| Balance at 31 December 2019/ 1 January 2020 | (400) | - | - | (400) |
| Amount written off | - | - | - | - |
| Balance at 31 December 2020 | (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 RM85,432,000 (2019: RM21,363,000) and RM521,774,000 (2019: RM469,224,000) respectively, representing the outstanding financial guarantees as at the end of the reporting period.

As at the end of the reporting period, there was no indication any contract customer or any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Related party balances

Risk management objectives, policies and processes for managing the risk

The Group provides credit terms to affiliated companies. The Company provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider related party balances have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when related parties' financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related party balances when they are payable, the Group and the Company consider these balances to be in default when the related parties are not able to pay when demanded. The Group and the Company consider related party balances to be credit impaired when:

- The related parties are unlikely to repay their amounts due to the Group and the Company in full; or
- The related parties are continuously loss making and are having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these related party balances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS cont'd

29.4 Credit risk cont'd

Related party balances cont'd

Recognition and measurement of impairment loss cont'd

The following table provides information about the exposure to credit risk and ECLs for related party balances.

| Group | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
|-----------------|---------------------------------|--------------------------|-----------------------|
| 2020 | | | |
| Low credit risk | 9,969 | - | 9,969 |
| Credit impaired | 122 | (122) | - |
| | 10,091 | (122) | 9,969 |
| 2019 | | | |
| Low credit risk | 17,967 | - | 17,967 |

The movement in the allowance for impairment in respect of related party balances during the year is shown below:

| Group | Credit impaired RM'000 |
|---|---------------------------|
| Balance at 1 January 2019/31 December 2019/1 January 2020 | - |
| Net remeasurement of loss allowance | 122 |
| Balance at 31 December 2020 | 122 |

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 |
|---|--------------------|--|---------------------------|-----------------|----------------|----------------|-------------------------|
| 2020 | RM'000 | % | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Trade and other payables | 138,822 | - | 138,822 | 138,822 | - | - | - |
| Bank loans | 298,162 | * | 332,247 | 47,972 | 73,773 | 178,561 | 31,941 |
| Bankers' acceptances, trust receipts, and revolving credits | 131,119 | 2.06% - 5.70% | 131,119 | 131,119 | - | - | - |
| Bank overdrafts | 405 | 3.04% | 405 | 405 | - | - | - |
| Lease liabilities | 9,524 | 2.30% - 6.20% | 10,327 | 5,326 | 2,856 | 2,145 | - |
| Financial guarantees | - | - | 85,432 | 85,432 | - | - | - |
| ICULS liabilities | 16,408 | 3.00% | 18,344 | 6,150 | 6,150 | 6,044 | - |
| | <u>594,440</u> | | <u>716,696</u> | <u>415,226</u> | <u>82,779</u> | <u>186,750</u> | <u>31,941</u> |
| <i>Derivative financial liability/(asset)</i> | | | | | | | |
| Forward exchange contracts (gross settled): | | | | | | | |
| Outflow | - | - | 237,025 | 80,434 | 56,568 | 100,023 | - |
| Inflow | (10,663) | - | (248,700) | (83,636) | (59,774) | (105,290) | - |
| | <u>583,777</u> | | <u>705,021</u> | <u>412,024</u> | <u>79,573</u> | <u>181,483</u> | <u>31,941</u> |

* Fixed rate bank loan is subject to a fixed interest rate of 7.25% per annum. Floating rate term loans are subject to floating interest rates ranging from 0.25% to 1.50% per annum above the bank's base lending rate or cost of fund.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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 |
|---|--------------------|--|---------------------------|-----------------|----------------|----------------|-------------------------|
| 2019 | RM'000 | % | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | |
| <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 | - |
| | <u>583,055</u> | | <u>649,997</u> | <u>362,165</u> | <u>57,898</u> | <u>209,954</u> | <u>19,980</u> |
| <i>Derivative financial liability/(asset)</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) | - |
| | <u>576,895</u> | | <u>643,204</u> | <u>360,725</u> | <u>56,481</u> | <u>206,018</u> | <u>19,980</u> |

* Fixed rate bank loan is subject to a fixed interest rate of 7.25% per annum. Floating rate term loans are subject to floating interest rates ranging from 0.25% to 1.50% per annum above the bank's base lending rate or cost of fund.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS cont'd

29.5 Liquidity risk cont'd

Maturity analysis cont'd

| Company | Carrying amount RM'000 | Contractual interest rate/coupon % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---|---------------------------|---------------------------------------|----------------------------------|------------------------|-----------------------|-----------------------|-----------------------------|
| 2020 | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Trade and other payables | 35,356 | - | 35,356 | 35,356 | - | - | - |
| Financial guarantees | - | - | 521,774 | 521,774 | - | - | - |
| ICULS liabilities | 16,408 | 3.00% | 15,350 | 6,150 | 9,200 | - | - |
| | <u>51,764</u> | | <u>572,480</u> | <u>563,280</u> | <u>9,200</u> | <u>-</u> | <u>-</u> |
| 2019 | | | | | | | |
| <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 | - |
| | <u>58,021</u> | | <u>527,693</u> | <u>512,128</u> | <u>6,236</u> | <u>9,329</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.

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.

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

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:

| | Denominated in | | | | |
|---|----------------|--------|---------|--------|----------|
| | USD | AUD | CNY | SGD | EUR |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2020 | | | | | |
| Balances recognised in the statement of financial position | | | | | |
| Trade and other receivables | 31,586 | 1,366 | - | 145 | 22,001 |
| Trade and other payables | (38,668) | - | (1,340) | - | - |
| Cash and cash equivalents | 5,396 | 1 | 2 | 10 | 39 |
| | (1,686) | 1,367 | (1,338) | 155 | 22,040 |
| Forecast transactions | | | | | |
| Forecast sales | 228,734 | - | - | - | 19,966 |
| Forward exchange contract on forecast sales | (217,086) | - | - | - | (19,939) |
| Net exposure | 9,962 | 1,367 | (1,338) | 155 | 22,067 |
| 2019 | | | | | |
| Balances recognised in the statement of financial position | | | | | |
| 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 |
| | (19,495) | 1,723 | (1,234) | 583 | 10,011 |
| Forecast transactions | | | | | |
| Forecast sales | 242,643 | - | - | - | - |
| Forward exchange contract on forecast sales | (235,850) | - | - | - | - |
| Net exposure | (12,702) | 1,723 | (1,234) | 583 | 10,011 |

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% (2019: 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 | |
|-----|----------------|--------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| USD | (757) | 965 |
| AUD | (104) | (131) |
| CNY | 102 | 94 |
| SGD | (12) | (44) |
| EUR | (1,677) | (761) |

A 10% (2019: 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 | |
|----------------------------------|-----------|-----------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Fixed rate instruments | | |
| Financial liabilities | (140,803) | (155,998) |
| Floating rate instruments | | |
| Financial liabilities | (298,407) | (257,916) |

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 2020 | 30 bp decrease 2020 | 30 bp increase 2019 | 30 bp decrease 2019 |
| Group | RM'000 | RM'000 | RM'000 | RM'000 |
| Floating rate instruments | (680) | 680 | (588) | 588 |

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 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 2020, 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 |
| 2020 | | | |
| Foreign currency risk | | | |
| Forward exchange contracts | 3,082 | 2,967 | 4,614 |
| 2019 | | | |
| Foreign currency risk | | | |
| Forward exchange contracts | 1,391 | 1,324 | 3,445 |

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

| Group | Cash flow hedge reserve | |
|------------------------------|----------------------------|----------------|
| | 2020 RM'000 | 2019 RM'000 |
| Foreign currency risk | | |
| Forecasted sales | 10,663 | 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:

| Group | Nominal amount RM'000 | Carrying amount Assets RM'000 | Line item in the statement of financial position where the hedging instrument is included |
|---------------------------------------|---|--|---|
| 2020 | | | |
| Foreign currency risk | | | |
| Forward exchange contracts – Sales | 248,700 | 10,663 | Derivative financial assets |
| 2019 | | | |
| Foreign currency risk | | | |
| Forward exchange contracts – Sales | 242,643 | 6,160 | Derivative financial assets |
| | Changes in the value of hedging instrument recognised in other comprehensive income RM'000 | Amount reclassified from hedge reserve to profit or loss RM'000 | Line item in profit or loss affected by the reclassification |
| 2020 | | | |
| Foreign currency risk | | | |
| Forward exchange contracts - Sales | 11,343 | 680 | Revenue |
| 2019 | | | |
| Foreign currency risk | | | |
| Forward exchange contracts - Sales | 6,307 | 147 | Revenue |

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 following table provides reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

| Group | Hedging reserve | |
|---|-----------------|----------------|
| | 2020 RM'000 | 2019 RM'000 |
| Balance at 1 January | | |
| Cash flow hedge | | |
| <i>Changes in fair value:</i> | | |
| Foreign currency risk – sales | 11,343 | 6,307 |
| Amount reclassified to profit or loss: | | |
| Foreign currency risk – sales | (680) | (147) |
| Tax on movements on reserves during the year (Note 8) | (768) | - |
| Balance at 31 December | 9,895 | 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.

The table below analyses financial instruments at fair value:

| Group | Fair value of financial instruments carried at fair value Level 2 RM'000 | Fair value of financial instruments not carried at fair value Level 3 RM'000 | Total fair value RM'000 | Carrying amount RM'000 |
|------------------------------|--|--|-------------------------------|------------------------------|
| | | | | |
| 2020 | | | | |
| Financial assets | | | | |
| Forward exchange contracts | 10,663 | - | 10,663 | 10,663 |
| Financial liabilities | | | | |
| Bank loans - secured | - | 293,123 | 293,123 | 298,162 |
| 2019 | | | | |
| Financial assets | | | | |
| Forward exchange contracts | 6,160 | - | 6,160 | 6,160 |
| Financial liabilities | | | | |
| Bank loans - secured | - | 252,368 | 252,368 | 257,507 |

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. FINANCIAL INSTRUMENTS cont'd

29.8 Fair value information cont'd

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique in the determination of fair values within Level 3. The Group Finance Controller has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

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 2020 and 31 December 2019 were as follows:

| | Note | Group | |
|--|------|----------------|----------------|
| | | 2020 RM'000 | 2019 RM'000 |
| Total loans and borrowings including ICULS liabilities | | 446,094 | 423,073 |
| Lease liabilities | | 9,524 | 12,194 |
| Less: Cash and cash equivalents | 13 | (52,558) | (80,383) |
| Net debt | | 403,060 | 354,884 |
| Total equity | | 557,786 | 534,833 |
| Debt-to-equity ratio | | 0.7 | 0.7 |

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

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.

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 | |
|--|----------|----------|---------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A. Affiliated companies | | | | |
| Sale of goods | (71,780) | (57,551) | - | - |
| Purchase of goods | 17,262 | 152,440 | - | - |
| Proceeds from disposal of subsidiaries | - | (44,386) | - | - |
| Rental income on property | (360) | - | - | - |
| Rental income on motor vehicles | (36) | - | - | - |
| Rental expense on properties | 194 | 198 | - | - |
| Rental expense on motor vehicles | 17 | - | - | - |
| B. Subsidiaries | | | | |
| Dividend income | - | - | (5,000) | (11,000) |
| Management fee income | - | - | (1,520) | (790) |
| C. Key management personnel | | | | |
| Directors | | | | |
| - Fees | 132 | 126 | 132 | 126 |
| - Remuneration | 1,036 | 1,510 | 282 | 298 |
| - Other short-term employee benefits | 329 | 452 | 106 | 111 |
| Total short-term employee benefits | 1,497 | 2,088 | 520 | 535 |
| Other key management personnel | | | | |
| Short-term employee benefits | 1,834 | 1,772 | - | - |
| | 3,331 | 3,860 | 520 | 535 |

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The Group and the Company have early adopted the amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions* that are effective for annual periods beginning on or after 1 June 2020. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions arising as a direct consequence of the Covid-19 pandemic.

The Group and the Company have applied the optional practical expedient by electing not to assess whether a Covid-19 related rent concession from a lessor is a lease modification if all of the stipulated conditions are met. Rent concessions were treated as variable lease payments and recognised in profit or loss.

The adoption of the above-mentioned amendments did not have any material impact to the financial statements of the Group and of the Company.

33. SIGNIFICANT 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.

34. SUBSEQUENT EVENTS

Acquisition of a development land

On 6 January 2021, PMB Land (Sg. Besi) Sdn. Bhd. (previously known as Everlast System Builder Sdn. Bhd.), a wholly-owned subsidiary of the Company has completed the acquisition of a piece of freehold land located at Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, measuring approximately 7,304 square meter in area, for a total cash purchase consideration of RM30,000,000.

STATEMENT BY DIRECTORS

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 2020 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: 27 May 2021

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 27 May 2021.

Wan Shuw Yee

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD

(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PMB Technology Berhad, which comprise the statements of financial position as at 31 December 2020 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 2020 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(i) Revenue recognition on construction contracts

Refer to Note 2(q) – Significant accounting policies: Revenue and other income and Note 17 - Revenue to the financial statements.

The key audit matter

The Group's revenue on construction contracts for the year ended 31 December 2020 is significantly influenced by the results of large construction projects. Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made to assess the total contract costs, stage of completion of the contract and adequate provision to be provided for loss making contract. Changes of these estimates could lead to different profit and revenue being reported in the financial statements.

How the matter was addressed in our audit

Our audit procedures included, among others, reading the key contracts and discussed each with management to obtain a full understanding of the terms and risks of the contracts. We evaluated the controls of the Group over the accuracy and timing of revenue recognised in the financial statements including the estimation of contract cost to complete and calculation of the stage of completion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD
(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)
cont'd

Key Audit Matters cont'd

(i) Revenue recognition on construction contracts cont'd

How the matter was addressed in our audit cont'd

We assessed the appropriateness of assumptions used in determining the budgeted costs of the projects based on historical performance of the Group and industry knowledge and agreed the contract costs to supporting documentation and recalculated the percentage of completion of the contract. We tested the contract revenue through the inspection of contracts, variation orders and claims. We also considered if provision for foreseeable losses is required.

(ii) Recoverability of trade receivables

Refer to *Note 12 - Trade and other receivables* to the financial statements.

The key audit matter

The Group has a significant trade receivables balance as at 31 December 2020 of RM137,166,000. Trade receivables mainly include amounts due from customers within the construction industry. As the construction industry faces a number of challenges including but not limited to instabilities of supplies and prices of construction materials and components, there is a risk over the recoverability of these balances.

How the matter was addressed in our audit

Our audit procedures included, among others, evaluating the controls of the Group over monitoring of debts. We tested the accuracy of trade receivables ageing and the adequacy of the impairment loss on trade receivables by assessing management's risk rating of selected trade receivables and input used in the lifetime expected credit loss made.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD

(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)

cont'd

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PMB TECHNOLOGY BERHAD
(Registration No. 200201016594 (584257-X)) (Incorporated in Malaysia)
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 27 May 2021

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

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2021

Issued Shares : 210,811,650 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per share

| | No. of Shareholders/ Depositors | % of Shareholders/ Depositors | No. of Shares Held | % of Issued Capital |
|--|---------------------------------------|-------------------------------------|-----------------------|------------------------|
| Size of Holdings | | | | |
| Less than 100 | 12 | 0.87 | 150 | negligible |
| 100 to 1,000 | 287 | 20.83 | 188,300 | 0.09 |
| 1,001 to 10,000 | 702 | 50.94 | 2,973,967 | 1.45 |
| 10,001 to 100,000 | 284 | 20.61 | 9,443,533 | 4.59 |
| 100,001 to less than 5% of issued shares | 91 | 6.60 | 136,618,808 | 66.39 |
| 5% and above of issued shares | 2 | 0.15 | 56,546,492 | 27.48 |
| Total | 1,378 | 100.00 | 205,771,250* | 100.00 |

* Excluding a total of 5,040,400 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 3 May 2021.

DIRECTORS' SHAREHOLDINGS

as at 3 May 2021

| 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 | 3.02 | 42,951,916 ⁽¹⁾ | 20.87 |
| Koon Poh Ming | 4,100,500 | 1.99 | 40,406,806 ⁽²⁾ | 19.64 |
| Dato' Koon Poh Tat | 10,950,500 | 5.32 | 13,594,576 ⁽³⁾ | 6.61 |
| Koon Poh Weng | 4,360,500 | 2.12 | 16,904,576 ⁽⁴⁾ | 8.22 |
| 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 spouse, Chan Poh Choo and his daughter, Koon Sim Ee.

SUBSTANTIAL SHAREHOLDERS

AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2021

| 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 | 20.87 | 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 ⁽¹⁾ | 20.87 |
| Tan Sri Dato' Koon Poh Keong | 6,222,500 | 3.02 | 42,951,916 ⁽²⁾ | 20.87 |
| Koon Poh Ming | 4,100,500 | 1.99 | 40,406,806 ⁽³⁾ | 19.64 |
| Dato' Koon Poh Tat | 10,950,500 | 5.32 | 13,594,576 ⁽⁴⁾ | 6.61 |
| Koon Poh Weng | 4,360,500 | 2.12 | 16,904,576 ⁽⁵⁾ | 8.22 |
| Estate of Kuan Poh Fatt | 0 | 0.00 | 13,594,576 ⁽⁴⁾ | 6.61 |
| Koon Poh Kong | 0 | 0.00 | 13,594,576 ⁽⁴⁾ | 6.61 |
| Ong Soo Fan | 11,812,230 | 5.74 | 32,695,076 ⁽⁶⁾ | 15.89 |
| Puan Sri Datin Khoo Ee Pheng | 0 | 0.00 | 49,174,416 ⁽⁷⁾ | 23.90 |
| Chan Poh Choo | 3,300,000 | 1.60 | 17,965,076 ⁽⁸⁾ | 8.73 |

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 his 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 spouse, Chan Poh Choo and 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.
- (8) Deemed interested in the shares held by her spouse, Koon Poh Weng and her daughter, Koon Sim Ee 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.

THIRTY LARGEST SHAREHOLDERS

AS AT 3 MAY 2021

| Name of Shareholders | | No. of Shares | % of Issued Capital # |
|----------------------|--|--------------------|-----------------------|
| 1 | Press Metal Aluminium Holdings Berhad | 42,951,916 | 20.87 |
| 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 | Ong Sow Mei | 8,757,000 | 4.26 |
| 6 | Ong Sow Yong | 8,618,576 | 4.19 |
| 7 | Ong Shaw Huat | 8,583,302 | 4.17 |
| 8 | RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i> | 6,910,000 | 3.36 |
| 9 | Lee Wee Keong (Li Weiqiang) | 6,787,100 | 3.30 |
| 10 | Tan Sri Dato' Koon Poh Keong | 6,040,500 | 2.93 |
| 11 | HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Saut Mee</i> | 4,275,300 | 2.08 |
| 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 | 1.96 |
| 14 | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Koon Poh Weng (PB)</i> | 4,040,500 | 1.96 |
| 15 | Chan Yat Wai | 3,696,600 | 1.80 |
| 16 | Chan Poh Choo | 3,300,000 | 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 | 2,538,400 | 1.23 |
| 23 | Ong Soo Fan | 2,000,000 | 0.97 |
| 24 | Khoo Tiong Keat | 1,788,500 | 0.87 |
| 25 | Yap Jong Seng | 1,650,000 | 0.80 |
| 26 | Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i> | 1,585,000 | 0.77 |
| 27 | Pauline Ang Lay Kuan | 1,555,000 | 0.75 |
| 28 | Chan Poh Leng | 1,474,400 | 0.72 |
| 29 | Chan Yue Leng | 1,467,400 | 0.71 |
| 30 | Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Chua Seng Sam</i> | 1,330,500 | 0.65 |
| Total | | 175,971,800 | 85.52 |

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 3 May 2021

ANALYSIS OF ICULS HOLDINGS

AS AT 3 MAY 2021

No. of ICULS outstanding : 74,642,150
 Issue date : 13/07/2018
 Maturity date : 12/07/2023
 Exercise Price per ICULS : RM2.74

| | No. of ICULS Holders/ Depositors | % of ICULS Holders/ Depositors | No. of ICULS Held | % of Issued ICULS |
|---|--|--------------------------------------|----------------------|----------------------|
| Size of ICULS Holdings | | | | |
| Less than 100 | 6 | 1.69 | 93 | negligible |
| 100 to 1,000 | 51 | 14.37 | 34,050 | 0.04 |
| 1,001 to 10,000 | 160 | 45.07 | 795,457 | 1.07 |
| 10,001 to 100,000 | 106 | 29.86 | 3,305,700 | 4.43 |
| 100,001 to less than 5% of issued ICULS | 27 | 7.60 | 28,687,201 | 38.43 |
| 5% and above of issued ICULS | 5 | 1.41 | 41,819,649 | 56.03 |
| Total | 355 | 100.00 | 74,642,150 | 100.00 |

DIRECTORS' ICULS HOLDINGS

as at 3 May 2021

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 ⁽¹⁾ | 28.77 |
| Koon Poh Ming | 30,000 | 0.04 | 21,798,803 ⁽²⁾ | 29.20 |
| Dato' Koon Poh Tat | 3,455,000 | 4.63 | 6,797,288 ⁽³⁾ | 9.11 |
| Koon Poh Weng | 10,000 | 0.01 | 10,883,788 ⁽⁴⁾ | 14.58 |
| 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 spouse, Chan Poh Choo and his daughter, Koon Sim Ee.

THIRTY LARGEST ICULS HOLDERS

AS AT 3 MAY 2021

| Name of ICULS Holders | | No. of ICULS | % of Issued ICULS |
|-----------------------|--|-------------------|----------------------|
| 1 | Press Metal Aluminium Holdings Berhad | 21,475,958 | 28.77 |
| 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 | 9.11 |
| 3 | Ong Soo Fan | 5,540,515 | 7.42 |
| 4 | Ong Sow Yong | 4,051,488 | 5.43 |
| 5 | Ong Sow Mei | 3,954,400 | 5.30 |
| 6 | Ong Shaw Huat | 3,622,951 | 4.85 |
| 7 | RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i> | 3,455,000 | 4.63 |
| 8 | Koon Sim Ee | 2,086,500 | 2.79 |
| 9 | Chan Poh Choo | 2,000,000 | 2.68 |
| 10 | John Koon Tzer Lim | 1,692,200 | 2.27 |
| 11 | Joyce Koon Hui Ginn | 1,692,200 | 2.27 |
| 12 | Koon Hui Ling (Carolyn) | 1,692,200 | 2.27 |
| 13 | Leslie Koon Tzer Peng | 1,692,200 | 2.27 |
| 14 | Lydia Koon Hui Li | 1,692,200 | 2.27 |
| 15 | Chan Poh Leng | 1,523,600 | 2.04 |
| 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 | Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Chua Seng Sam</i> | 794,500 | 1.06 |
| 21 | Lim Peng Theng | 375,000 | 0.50 |
| 22 | Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i> | 285,000 | 0.38 |
| 23 | Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chia Ai Ling</i> | 284,300 | 0.38 |
| 24 | United Panels Sdn Bhd | 262,800 | 0.35 |
| 25 | Low Hing Noi | 260,000 | 0.35 |
| 26 | Chan Yat Wai | 217,800 | 0.29 |
| 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 | Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Keng Chin Eng (REM 132 - Margin)</i> | 164,000 | 0.22 |
| Total | | 70,234,150 | 94.09 |

ANALYSIS OF WARRANTS HOLDINGS

AS AT 3 MAY 2021

| | | |
|-----------------------------|---|------------|
| No. of Warrants outstanding | : | 38,739,900 |
| Issue date | : | 13/07/2018 |
| Expiry date | : | 12/07/2023 |
| Exercise Price per Warrants | : | RM3.01 |

| | No. of Warrants Holders/ Depositors | % of Warrants Holders/ Depositors | No. of Warrants Held | % of Issued Warrants |
|--|--|--|-------------------------|-------------------------|
| Size of Warrants Holdings | | | | |
| Less than 100 | 32 | 8.60 | 1,380 | negligible |
| 100 to 1,000 | 61 | 16.40 | 34,590 | 0.09 |
| 1,001 to 10,000 | 165 | 44.35 | 734,053 | 1.90 |
| 10,001 to 100,000 | 86 | 23.12 | 2,658,602 | 6.86 |
| 100,001 to less than 5% of issued Warrants | 24 | 6.45 | 16,457,194 | 42.48 |
| 5% and above of issued Warrants | 4 | 1.08 | 18,854,081 | 48.67 |
| Total | 372 | 100.00 | 38,739,900 | 100.00 |

DIRECTORS' WARRANTS HOLDINGS

as at 3 May 2021

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 ⁽¹⁾ | 27.72 |
| Koon Poh Ming | 15,000 | 0.04 | 10,899,402 ⁽²⁾ | 28.13 |
| Dato' Koon Poh Tat | 1,727,500 | 4.46 | 3,398,644 ⁽³⁾ | 8.77 |
| Koon Poh Weng | 5,000 | 0.01 | 3,401,144 ⁽⁴⁾ | 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 3 MAY 2021

| 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 | 1,810,025 | 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 | Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser</i> | 750,000 | 1.94 |
| 15 | Chan Yat Wai | 724,500 | 1.87 |
| 16 | Chan Poh Leng | 565,600 | 1.46 |
| 17 | Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Chua Seng Sam</i> | 550,400 | 1.42 |
| 18 | Tan Sri Dato' Koon Poh Keong | 500,000 | 1.29 |
| 19 | Ong Soo Fan | 500,000 | 1.29 |
| 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 | 0.64 |
| 22 | Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Hung Thiam (7000997)</i> | 218,000 | 0.56 |
| 23 | Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiang Soak Hoong (7001002)</i> | 156,000 | 0.40 |
| 24 | Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Wee Fatt (7001112)</i> | 150,000 | 0.39 |
| 25 | Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Eng Shan</i> | 149,500 | 0.39 |
| 26 | United Panels Sdn Bhd | 131,400 | 0.34 |
| 27 | Low Hing Noi | 130,000 | 0.34 |
| 28 | Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chey Kang Howe (8074762)</i> | 108,150 | 0.28 |
| 29 | HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Jean Ng Chien Nee (CCTS)</i> | 100,000 | 0.26 |
| 30 | Leong Kok Peng | 99,000 | 0.26 |
| Total | | 35,510,275 | 91.66 |

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2020

| Proprietor | Location | Description/ Age (Year)/ Acquisition Date | Existing Use | Tenure | Area sq. ft. | Net Book Value as at 31.12.2020 RM'000 |
|--|---|--|--------------------------|---|-----------------|--|
| PMB Silicon Sdn Bhd | Lot 322, Block 1 Kemena Land District Sarawak | Leasehold land and building 2 year 27/11/2018 | Factory | Leasehold for 58 years expiring 26/11/2078 | 6,845,847 | 329,210 |
| PMB Silicon Sdn Bhd | Parcel No. 05-03A (Type A) Parent Lot 76, 77 and 8452 of Block 31 Kemena Land District Sarawak | Condominium 6 years 03/12/2019 | Tenanted | Leasehold for 54 years expiring 11/05/2074 | 2,026 | 892 |
| PMB Silicon Sdn Bhd | Parcel No. 04-03A (Type A) Parent Lot 76, 77 and 8452 of Block 31 Kemena Land District Sarawak | Condominium 6 years 03/12/2019 | Tenanted | Leasehold for 54 years expiring 11/05/2074 | 2,026 | 872 |
| 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 12 years 26/09/2008 | Vacant | Leasehold for 77 years expiring 30/03/2097 | 609,838 | 6,576 |
| 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 12 years 26/09/2008 | Vacant | Leasehold for 79 years expiring 30/03/2097 | 1,219,680 | 13,659 |
| 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 12 years 18/01/2012 | Vacant | Leasehold for 79 years expiring 30/03/2097 | 1,503,348 | 16,005 |
| PMB Facade Technology Sdn Bhd | Lot 1804, Mukim of Cheras Daerah Hulu Langat Selangor Darul Ehsan | Freehold land and building 15 years 16/12/2005 | Factory cum office | Freehold | 89,821 | 4,796 |
| Everlast Aluminium (M) Sdn Bhd | Lot 1797, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan | Freehold land and building 26 years 12/07/1994 | Factory cum office | Freehold | 83,036 | 5,702 |
| Everlast Aluminium (M) Sdn Bhd | Lot 1798, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan | Leasehold land and building 24 years 29/03/1996 | Factory cum office | Leasehold for 45 years expiring 02/09/2065 | 77,591 | 3,702 |
| Everlast Access Technologies Sdn Bhd | HS (D) 38463, Lot 2826, Mukim 01 Daerah Seberang Perai Tengah Negeri Pulau Pinang | Leasehold land and building 46 years 25/10/2016 | Factory cum office | Leasehold for 14 years expiring 29/08/2034 | 449,922 | 14,153 |

GROUP DIRECTORY

PMB TECHNOLOGY BERHAD

(Company Registration No. 200201016594 (584257-X))

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

EVERLAST ALUMINIUM (M) SDN. BHD.

(Company Registration No. 198801003086 (170443-T))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213
Website URL : www.everlas.com
Email : everlas@everlas.com

EVERLAST ACCESS TECHNOLOGIES SDN. BHD.

(Company Registration No. 199901016903 (491803-H))

Head Quarter

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

Penang Branch

No. 2025, Lorong Perusahaan 8,
Kawasan Perindustrian Prai,
13600 Prai, Penang, Malaysia.
Tel : 604-383 0128
Fax : 604-384 2127

PMB QUICK ACCESS SDN. BHD.

(Company Registration No. 200001014086 (516692-V))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 8357
Website URL : www.qaccess-scaffold.com
Email : marketing@qaccess-scaffold.com

EVERLAST ENVIRONMENTAL MANAGEMENT SDN. BHD.

(Company Registration No. 199001016124 (207793-P))

Lot 1797, Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

PMB SILICON SDN. BHD.

(Company Registration No. 201601011055 (1181986-X))

Lot 1797, Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 1904

Lot 322, Block 1, Kemena Land District,
Samalaju Industrial Park,
97000 Bintulu, Sarawak, Malaysia.

PMB FACADE TECHNOLOGY SDN. BHD.

(Company Registration No. 199401005807 (291486-H))

KAI PMB FACADE TECHNOLOGY LTD.

(Company No. C41554(913)/2000)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5205/8355
Fax : 603-8961 1904/8357
Website URL : www.pmbfacade.com
Email : pmbfacade@pmbfacade.com

PMB-CYBERWALL LTD.

(Company No. 704047)

PMB FACADE TECHNOLOGY (H.K.) LTD.

(Company No. 675899)

Unit 1508-18, 15/F,
41 Heung Yip Road,
Wong Chuk Hang, Hong Kong.
Tel : 852-2397 6008
Fax : 852-2397 6206
Email : info@pmbc.com.hk

PMB LAND (SG. BESI) SDN. BHD.

(FORMERLY KNOWN AS EVERLAST SYSTEM BUILDER SDN. BHD.)

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

Lot 1798, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.

PMB CARBON SDN. BHD.

(Company Registration No. 200801016309 (817599-X))

PMB CHEMICAL SDN. BHD.

(Company Registration No. 201901020560 (1329889-T))

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 1904

PROXY FORM



PMB TECHNOLOGY BERHAD

Registration No. 200201016594 (584257-X)
(Incorporated in Malaysia)

CDS Account No. _____

No. of Shares Held _____

I/We, _____ NRIC No./ Passport No./ 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 | | | |
| Telephone no./ Email address | | | |

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

| Full Name | NRIC No./Passport No. | Proportion of Shareholdings | |
|------------------------------|-----------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |
| Telephone no./ Email address | | | |

or failing him/her/them, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Nineteenth Annual General Meeting ("19th AGM") of the Company to be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities via TIH Online at <https://tiah.online> from 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 ("**Broadcast Venue**") on Tuesday, 29 June 2021 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. | Approval of the payments 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 2021. | Ordinary Resolution 1 | |
| 2. | Re-election of Mr Koon Poh Ming as Director. | Ordinary Resolution 2 | |
| 3. | Re-election of Mr Koon Poh Weng as Director. | Ordinary Resolution 3 | |
| 4. | Re-appointment of KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 4 | |
| 5. | Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares. | Ordinary Resolution 5 | |
| 6. | Authority for Mr Loo Lean Hock to continue in office as Independent Non-Executive Director. | Ordinary Resolution 6 | |
| 7. | Authority for Mr Ernest Bong Miao Fatt to continue in office as Independent Non-Executive Director. | Ordinary Resolution 7 | |
| 8. | Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature for PMB Technology Berhad and its subsidiaries. | Ordinary Resolution 8 | |
| 9. | Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares. | Ordinary Resolution 9 | |
| 10. | Proposed Amendments to the existing Constitution of the Company | Special Resolution | |

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 : _____ |
|---|--|

Fold This Flap For Sealing

| | |
|--|--|
| If appointment of proxy is under seal | Seal |
| The Common Seal of _____ was hereto affixed in accordance with its Constitution in the presence of:- | |
| _____ Director | No. of shares held: _____ |
| _____ Director/Secretary | Securities Account No: _____ (CDS Account No.) (Compulsory) |
| in its capacity as *member/*attorney of member/*authorised nominee of _____ (beneficial owner) | Date : _____ |

Signed this _____ day of _____ 2021.

* *Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he/she thinks fit.*

Then Fold Here

AFFIX
STAMP

The Share Registrar of
PMB TECHNOLOGY BERHAD 200201016594 (584257-X)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur,
Malaysia.

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NOTES:

- The 19th AGM of the Company will be conducted fully virtual through live streaming and online remote voting via RPV facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tjih.online>. Please follow the procedures provided in the Administrative Details for the 19th AGM which is available at <http://www.pmbtechnology.com/investors-relation/> in order to register, participate and vote remotely via the RPV facilities.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which stipulates that the Chairman of meeting shall be present at the main venue of the 19th AGM. **NO shareholders/proxies/corporate representatives** will be allowed to physically present at the Broadcast Venue on the day of the 19th AGM.
- Members may submit questions to the Board of Directors prior to the 19th AGM via Tricor's TIH Online website at <https://tjih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than 2.30 p.m. on Sunday, 27 June 2021 or to use the query box to transmit questions to Board of Directors via RPV facilities during live streaming.
- Since the 19th AGM will be conducted virtually in its entirety, a Member entitled to participate and vote at the meeting may appoint his/her proxy or the Chairman of the 19th AGM as his/her proxy and indicate the voting instruction in the Form of Proxy.
- 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.
- 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- The 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 19th AGM or at any adjournment thereof, as follows:
 - 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, Wilayah Persekutuan Kuala Lumpur, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.
 - By Tricor Online System (TIH Online)
The Form of Proxy can be electronically submitted via TIH Online website at <https://tjih.online>. Kindly refer to the Administrative Details for the 19th AGM for further information.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the 19th AGM of the Company shall be put to vote by way of poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member(s) accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 May 2021.

