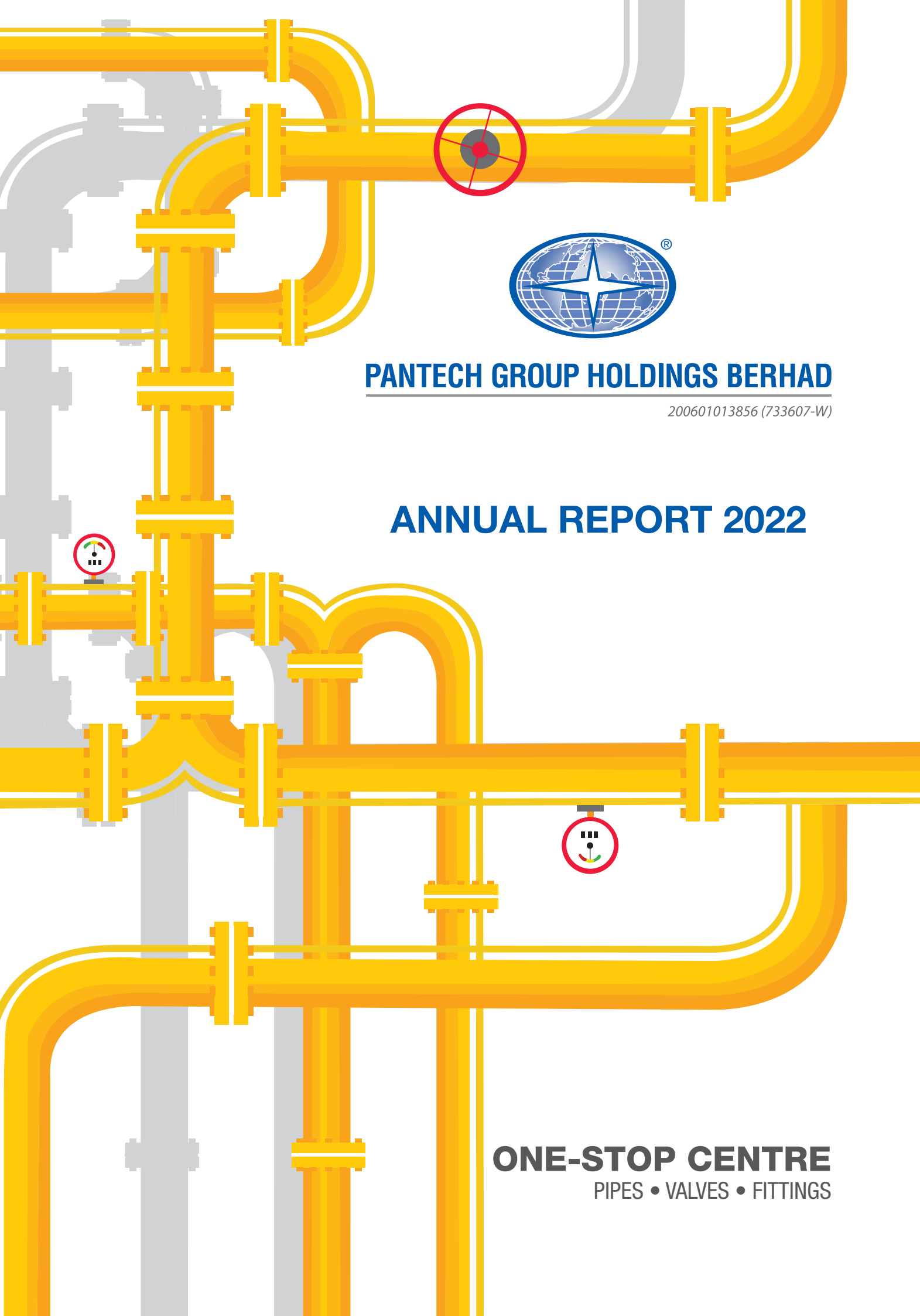


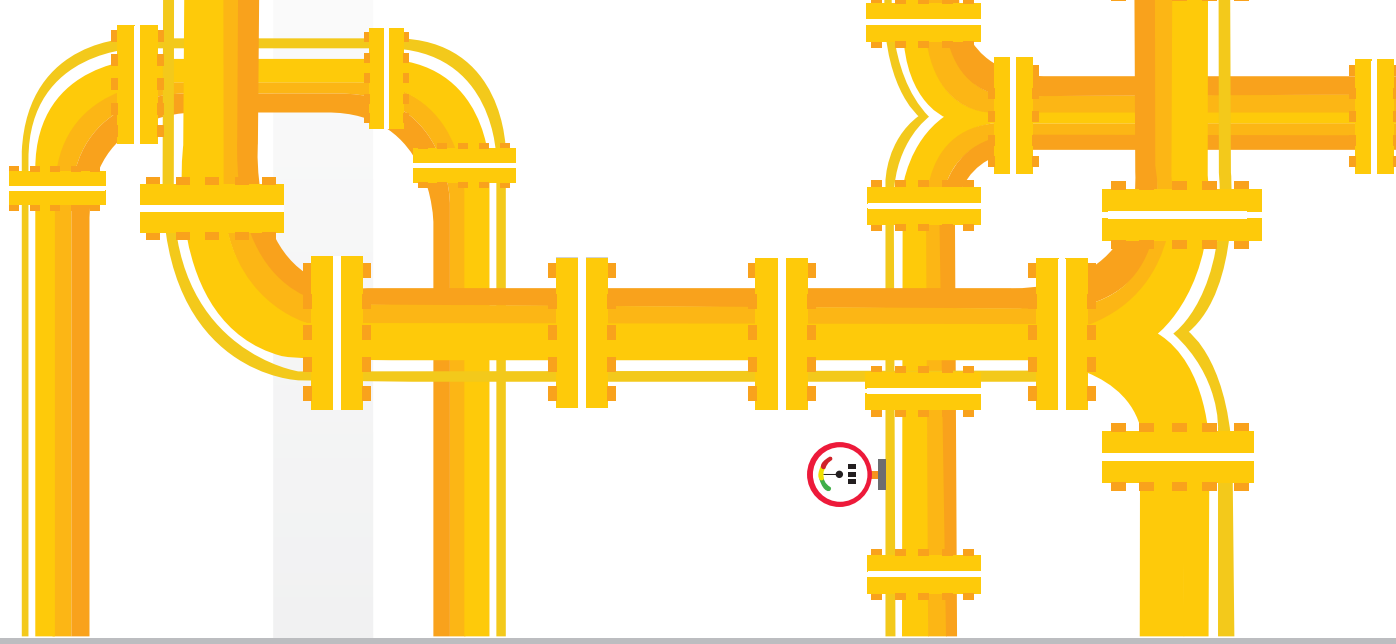
PANTECH GROUP HOLDINGS BERHAD

200601013856 (733607-W)

ANNUAL REPORT 2022

ONE-STOP CENTRE

PIPES • VALVES • FITTINGS



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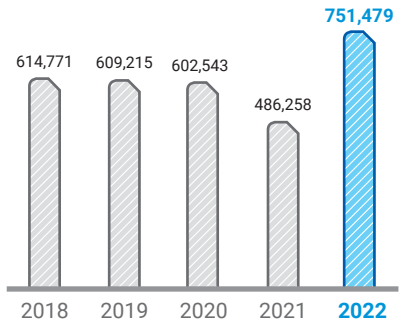
FINANCIAL HIGHLIGHTS

Ringgit Malaysia (RM'000)	FYE 28 Feb 2018	FYE 28 Feb 2019	FYE 29 Feb 2020	FYE 28 Feb 2021	FYE 28 Feb 2022
Revenue	614,771	609,215	602,543	486,258	**751,479**
EBITDA	83,284	87,161	74,654	61,547	**121,324**
Profit Before Tax	58,133	60,792	46,023	36,013	**96,742**
Profit After Tax	45,680	47,458	36,002	26,468	**71,753**
Profit Attributable to Shareholders	47,127	47,458	36,002	26,468	**71,753**
Paid-Up Capital	207,544	208,298	209,920	210,312	**258,892**
Shareholders' Equity	553,454	586,450	658,887	674,423	**754,170**
Total Assets	790,776	891,685	908,988	907,206	**1,170,066**
Total Net Tangible Assets	552,256	585,260	657,693	674,423	**754,170**
Total Borrowings	176,571	243,738	191,907	176,340	**231,542**
Basic Earnings Per Share (sen)	6.36	6.40	4.80	3.55	**9.23**
Diluted Earnings Per Share (sen)	6.08	6.32	4.78	3.53	**9.15**
Total Net Dividend Declared	18,574	14,970	14,087	17,415	**32,337**
Net Dividend Per Share (sen)	2.50	2.01	1.89	2.30	**4.00**
Net Tangible Assets Per Share (RM)	0.74	0.79	0.88	0.90	**0.90**

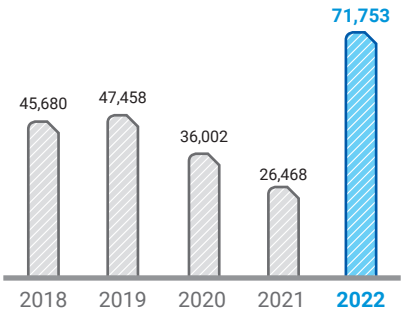
Total net dividend declared is **RM32.34** million, representing **45.07%** of our PAT

NTA stands at **RM754.17** million, translating to a NTA/share of **RM0.90**

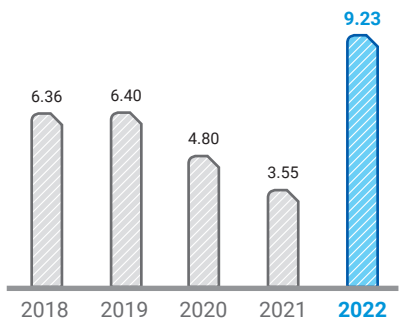
REVENUE
RM'000



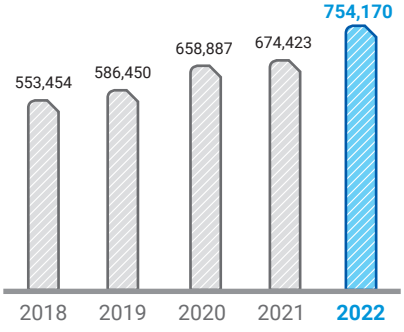
PROFIT AFTER TAXATION
RM'000



EARNING PER SHARE
SEN



SHAREHOLDERS' EQUITY
RM'000



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Chew Ting Leng
Executive Chairman/ Group Managing Director

Dato' Goh Teoh Kean
Group Deputy Managing Director

Mr. Tan Ang Ang
Executive Director

Mr. To Tai Wai
Executive Director

Ms. Ng Lee Lee
Executive Director

Mr. Lim Yoong Xao
Independent Non-Executive Director

Dato' Sri Yap Tian Leong
Independent Non-Executive Director

Puan Nooraini Binti Mohd Yasin
Independent Non-Executive Director

Puan Sakinah Binti Salleh
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Mr. Lim Yoong Xao

Members
Dato' Sri Yap Tian Leong
Puan Nooraini Binti Mohd Yasin

REMUNERATION COMMITTEE

Chairman
Puan Nooraini Binti Mohd Yasin

Members
Dato' Sri Yap Tian Leong
Mr. Lim Yoong Xao

NOMINATING COMMITTEE

Chairman
Dato' Sri Yap Tian Leong

Members
Mr. Lim Yoong Xao
Puan Nooraini Binti Mohd Yasin

COMPANY SECRETARIES

Ms. Siew Suet Wei (MAICSA 7011254)
SSM Practicing Certificate No. 202008001690

Ms. Liang Siew Ching (MAICSA 7000168)
SSM Practicing Certificate No. 202008000879

REGISTERED OFFICE

No. 5-9A The Boulevard Offices
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel No. : 03-2282 6331
Fax No.: 03-2201 9331

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Registration No.: 197101000970 (11324-H)

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

Tel No. : 03-2783 9299
Fax No.: 03-2783 9222

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
AmBank (M) Berhad
AmBank Islamic Berhad
CIMB Bank Berhad
CIMB Islamic Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
HSBC Bank Plc
OCBC Bank (Malaysia) Berhad
United Overseas Bank Limited
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Ng Kee Chong & Company

AUDITORS

Grant Thornton Malaysia PLT (Member Firm of Grant Thornton International Ltd)

Chartered Accountants
Suite 28.01, 28th Floor
Menara Zurich
15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Johor Darul Takzim

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad

Stock Code: 5125

GROUP STRUCTURE

PANTECH GROUP HOLDINGS BERHAD
Registration No. 200601013856 (733607-W)

- 100% PANTECH CORPORATION SDN. BHD.
  - 100% PANTECH (KUANTAN) SDN. BHD.
  - 100% PANTECH REALTY SDN. BHD.
  - 40% TUAH NUSA SDN. BHD.
- 100% PANTECH STEEL INDUSTRIES SDN. BHD.
- 100% PANTECH STAINLESS & ALLOY INDUSTRIES SDN. BHD.
- 100% PANAFLO CONTROLS PTE. LTD.
- 100% NAUTIC STEELS (HOLDINGS) LIMITED
  - 100% NAUTIC STEELS LIMITED
- 100% PANTECH GALVANISING SDN. BHD.
- 100% NAUTIC STEELS SDN. BHD.
- 100% PANTECH INTERNATIONAL (KSA) SDN. BHD.
- 100% UNITY PRECISION ENGINEERING SDN. BHD.*

* Acquisition completed on 25 April 2022

DIRECTORS' PROFILE

DATO' CHEW TING LENG

Executive Chairman/ Group Managing Director

Gender	Aged	Nationality
Male	67	Malaysian

Dato' Chew Ting Leng is one of the co-founders of the Group. He has more than 30 years of experience in the Pipes, Valves and Fittings ("PVF") solutions industries. He was appointed as Group Managing Director and Executive Chairman of Pantech Group Holdings Berhad on 11 November 2006 and 13 November 2006 respectively.

He does not hold any directorship in any other public companies.

He has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

DATO' GOH TEOH KEAN

Group Deputy Managing Director

Gender	Aged	Nationality
Male	66	Malaysian

Dato' Goh Teoh Kean graduated with Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College.

He has more than 30 years of experience in the PVF solutions industry. He is one of the co-founders of the Group and was appointed as the Group Deputy Managing Director on 11 November 2006. He is responsible for the financial functions of the Group.

He does not hold any directorship in any other public companies.

He has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

TAN ANG ANG

Executive Director

Gender	Aged	Nationality
Male	66	Malaysian

Mr. Adrian Tan was appointed as the Executive Director on 11 November 2006. He is responsible for the overall operation and performance of the Group's manufacturing business and is also the Managing Director of Pantech Steel Industries Sdn. Bhd., Pantech Stainless & Alloy Industries Sdn. Bhd. and Nautic Steels Limited. He obtained his professional Diploma from the Chartered Institute of Marketing in 1989.

He does not hold any directorship in any other public companies.

He has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

Directors' Profile (cont'd)

TO TAI WAI

Executive Director

Gender	Aged	Nationality
Male	51	Malaysian

Mr. David To was appointed as the Executive Director on 11 November 2006. He started his career in Pantech Corporation Sdn. Bhd. since 1989 and has more than 30 years of experience in the PVF solution industries. He is primarily responsible for the domestic, international and project sales activities of the Group's trading division and trading operation in Malaysia.

He does not hold any directorship in any other public companies.

He has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

NG LEE LEE

Executive Director

Gender	Aged	Nationality
Female	55	Malaysian

Ms. Ng Lee Lee was appointed as the Executive Director on 8 May 2013. She started her career in Pantech Corporation Sdn. Bhd. since 1990. She is primarily responsible for the human resources, administration and project sales division.

She does not hold any directorship in any other public companies.

She has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on her by any regulatory body during the financial year.

SAKINAH BINTI SALLEH

Non-Independent Non-Executive Director

Gender	Aged	Nationality
Female	53	Malaysian

Pn. Sakinah Binti Salleh was appointed as Non-Independent Non-Executive Director on 21 July 2016. She graduated from Mara University of Technology (UITM) with Bachelor (Hons) in Accountancy. She is a Chartered Accountant and a member of Malaysian Institute of Accountants (MIA) since 2002. She has a Master of Business Administration from International Teaching University of Georgia (University Institute for International and European Studies) since August 2017.

She joined Koperasi Permodalan Felda Malaysia Berhad ("KPF") as a Manager, Accountant & Investment from August 2000 to 2004. Subsequently, she was promoted to General Manager, Investment & Finance, KPF from January 2004 to 2010 and Deputy Chief Executive Officer, KPF from January 2010 to 2014.

She was Acting Chief Executive Officer in January 2014. She was promoted to Chief Executive Officer & Group Senior Executive Director since November 2014 until to-date.

She does not hold any directorship in any other public companies.

She has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on her by any regulatory body during the financial year.

Directors' Profile (cont'd)

LIM YOONG XAO

Independent Non-Executive Director

Gender	Aged	Nationality
Male	47	Malaysian

Mr. Lim Yoong Xao was appointed as an Independent Non-Executive Director on 26 July 2017. He completed his Bachelor of Commerce in Accounting from University of Otago, New Zealand in 1996. He is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a member of Chartered Global Management Accountant and Associate Chartered Management Accountant (CIMA), UK.

Mr. Lim Yoong Xao started his career as a Cost Accountant in 2002 with Monsanto (Malaysia) Sdn. Bhd. and later held various managerial positions in multi-national companies between 2007 to 2012. From 2013 until 2017, he was a Director/SEA Regional Finance Manager of United Creation Packaging Solutions, South East Asia Division. From 2017 until present, he is the Asia Financial Controller of Samtec Asia Pacific (M) Sdn. Bhd.

He is the Chairman of the Audit Committee and a member of both the Nominating and Remuneration Committees.

He does not hold any directorship in any other public companies.

He has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

DATO' SRI YAP TIAN LEONG

Independent Non-Executive Director

Gender	Aged	Nationality
Male	63	Malaysian

Dato' Sri Yap Tian Leong was appointed as an Independent Non-Executive Director on 26 July 2017. He is a member of the Malaysian Association of Company Secretaries (MACS), Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), Malaysian Institute of Corporate Governance (MICG) and Institute of Corporate Directors Malaysia (ICDM). Apart from these, he is also a member of The Chinese Chamber Of Commerce & Industry of Kuala Lumpur & Selangor and Hong Kong-Malaysia Business Association.

Dato' Sri Yap Tian Leong is currently the Group Managing Partner of MM Group of Companies.

He is the Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committees.

He does not hold any directorship in any other public companies.

He has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

Directors' Profile (cont'd)

NOORAINI BINTI MOHD YASIN

Independent Non-Executive Director

Gender	Aged	Nationality
Female	63	Malaysian

Puan Nooraini Binti Mohd Yasin was appointed as an Independent Non-Executive Director on 26 July 2017. She graduated from University of Buckingham, UK, with a BSc (Econs), Accounting and Financial Management degree.

Puan Nooraini gained experience in banking and journalism before moving into stockbroking with JB Securities Sdn. Bhd. where she was promoted to head the Research Department in the 90's. She holds a remisier's license and that of Certified Financial Planner with the Financial Planning Association of Malaysia (FPAM).

Puan Nooraini founded Sri Ara Private and International Schools and is Chairman of the Board of Governors. She served as President of Non-Governmental Organisation, Soroptimist International Club of Johor Bahru and is Charter President of Soroptimist International Club of Iskandar Puteri. She served as the Member Development Convenor from 2017 until 2020 and is currently the Programme/UN Liaison on the Executive Committee of Soroptimist International Region of Malaysia.

She is the Chairperson of the Remuneration Committee and a member of both the Audit and Nominating Committees.

She does not hold any directorship in any other public companies.

She has no conflict of interest with the Group and has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on her by any regulatory body during the financial year.

OTHER INFORMATION:-

Directors' Shareholdings

Details of Directors' Shareholdings in the Company are as disclosed on page 179 of the Annual Report 2022.

Family relationship with Directors and/or Major Shareholders

Dato' Chew Ting Leng and his spouse, Datin Shum Kah Lin are major shareholders of Pantech Group Holdings Berhad ("PGHB") by virtue of their substantial shareholdings in CTL Capital Holding Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Dato' Goh Teoh Kean and his spouse, Datin Lee Sock Kee are major shareholders of PGHB by virtue of their substantial shareholdings in GL Management Agency Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Conflict of Interest

All Directors have no family relationship with each other or major shareholders of PGHB. They have no conflict of interest in PGHB.

Attendance at Board Meetings

The attendance of the Directors is disclosed in the Corporate Governance Overview Statement on page 45 of this Annual Report 2022.

KEY SENIOR MANAGEMENT PROFILE

DATO' CHEW TING LENG

Executive Chairman/ Group Managing Director

Gender	Aged	Nationality
Male	67	Malaysian

Please refer to his Director's Profile appearing in Page 5 of this Annual Report 2022.

DATO' GOH TEOH KEAN

Group Deputy Managing Director

Gender	Aged	Nationality
Male	66	Malaysian

Please refer to his Director's Profile appearing in Page 5 of this Annual Report 2022.

TAN ANG ANG

Executive Director

Gender	Aged	Nationality
Male	66	Malaysian

Please refer to his Director's Profile appearing in Page 5 of this Annual Report 2022.

TO TAI WAI

Executive Director

Gender	Aged	Nationality
Male	51	Malaysian

Please refer to his Director's Profile appearing in Page 6 of this Annual Report 2022.

NG LEE LEE

Executive Director

Gender	Aged	Nationality
Female	55	Malaysian

Please refer to his Director's Profile appearing in Page 6 of this Annual Report 2022.

WANG WOON CHIN

Chief Financial Officer

Gender	Aged	Nationality
Male	47	Malaysian

Mr. Wang Woon Chin is the Chief Financial Officer of the Group. He graduated in 1996 from University of Otago, New Zealand with a Bachelor of Commerce (Accounting) degree. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Fellow Chartered Certified Accountant (FCCA).

He has many years of experience in the field of audit, finance, accounting, taxation and human resource management before he joined the Group. He joined Pantech Group in February 2006 as Group Finance Manager and was promoted to Chief Financial Officer effective 1 August 2013. He is currently responsible for the finance and accounts function of the Group.

He does not hold any directorships in any other public listed companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

EXECUTIVE CHAIRMAN'S STATEMENT

In our annual report for the last financial year, we noted that the financial year ended 28 February 2022 (FY2022) appears to be a positive one. The financial year had begun encouragingly with the national vaccination programme charting a course out of the pandemic.

There was optimism that the economy would reopen as the severity of COVID-19 infection reduces and the pandemic transitions into an endemic phase towards the end of our financial year.

In line with our anticipation, I am pleased to report a revenue and profit before tax (PBT) that burgeoned by 54.54% and 168.63% respectively to RM751.48 million and RM96.74 million. The Manufacturing Division revenue grew 58.92% to RM339.98 million while Trading Division revenue rose 51.11% to RM411.50 million.

The gradual pickup in business activities as the Movement Control Orders lifted in phases in tandem with the encouraging vaccination rates augured well for the Group's performance. Adhering to the Standard Operating Procedure (SOP) by the government, Pantech Group facilitated the vaccination of our employees to ensure their safety and wellbeing, and progressively recommenced and optimised operations to meet demand.

Executive Chairman's Statement (cont'd)

The challenging business landscape requires careful tactical navigation as we stay on course in our strategy. Pantech Group remains cautious of the risks in our operating environment, prioritising and exercising efficient management of company resources to capitalise on situations and market opportunities to further expand our footprint.

We continuously keep tabs of our inventory portfolio towards perpetuating our strategic priority of being a One-Stop Centre for pipes, valves and fittings (PVF). Stocking over 30,000 types of products catering to the specifications of our customers in 70 countries, we strengthened our position as an international leader in the provision of total solutions for gas and fluid transmission systems.

Pantech Group's financial position continues to be strong with a gearing that saw an uptick from 0.26 to 0.31 to support the increase in business in FY2022. The values and agility of the team which were fused in the crucibles of the past two years have ensured business resilience, enabling us to bounce back and deliver an impressive performance for FY2022.

Over the past financial year, the oil and gas industry continued its recovery trajectory with Brent prices surpassing initial estimates, trading rangebound USD75. Prices of Brent crude surged following Russia's invasion of Ukraine. It should be noted that the recovery of oil prices will not have an immediate favourable impact on the oil and gas industry due to the lag effect. The Group keeps a watchful eye on global developments and implements a prudent action plan to turn risk into opportunity.

The Brent crude prices are expected to stabilise after reaching a 10-year high in March 2022. The United States and other International Energy Agency (IEA) members have intervened alongside OPEC+ increasing output targets and COVID-19-related lockdowns in several cities in China which helped dampen consumption. A World Bank Commodity Markets Outlook report in April 2022 forecasted the price of Brent to average USD100 in 2022 and this bodes well for Pantech Group whose value creation ability is tied to the fortune of the oil and gas industry.

With countries cautiously reopening borders during our FY2022, economy recovery began as business activities reignited. Our vigilance in choosing to optimise existing resources while monitoring economic recovery progress has helped to conserve cash resources. We are grateful for the patience and loyalty of our shareholders in standing by us through the tough pandemic years. As we move forward into endemicity and to reward their faith, we are pleased to announce total dividend payout for FY2022 is approximately RM32.34 million, translating to 45.07% of Pantech's profit after tax (PAT) after including the Final Single Tier Dividend of 1.50 sen per ordinary share which will be paid out upon shareholders' approval at the 16th Annual General Meeting.

CORPORATE GOVERNANCE

Pantech Group upholds integrity and transparency in all our operations. Our corporate governance practices and ethical operations reflect these values which have been embedded across all entities. We consider a variety of factors and exercise due care when utilising and allocating the capitals available to us. Concurrently, we are committed in carrying out our responsibility in creating and preserving value while minimising its erosion.

Bursa Malaysia Securities Berhad's Main Market Listing Requirements' best practices in transparency and accountability frames our corporate governance. Detailed reading can be found on pages 41 to 51.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to all stakeholders for their contribution and faithful support over the years in making Pantech Group what it is today. I would also like to thank the directors for their time and guidance, to the management and the team for their capability, tenacity and commitment, to the shareholders for their confidence and to our customers who continue trusting in us.

Guided by our core values and with the unwavering support of our stakeholders, Pantech remains a competitive force in the industry. We have firmly established ourselves as a key player and at the same time, created long-term value for all. We look forward to many more years of progress together.

Even as we project another year of growth, we remain prudent and cautious in our operations. Risks and opportunities are carefully weighed, ensuring they align with our strategy and vision. I am confident we can deliver continued positive performance in the coming year.

Dato' Chew Ting Leng (Jimmy)
Executive Chairman / Group Managing Director

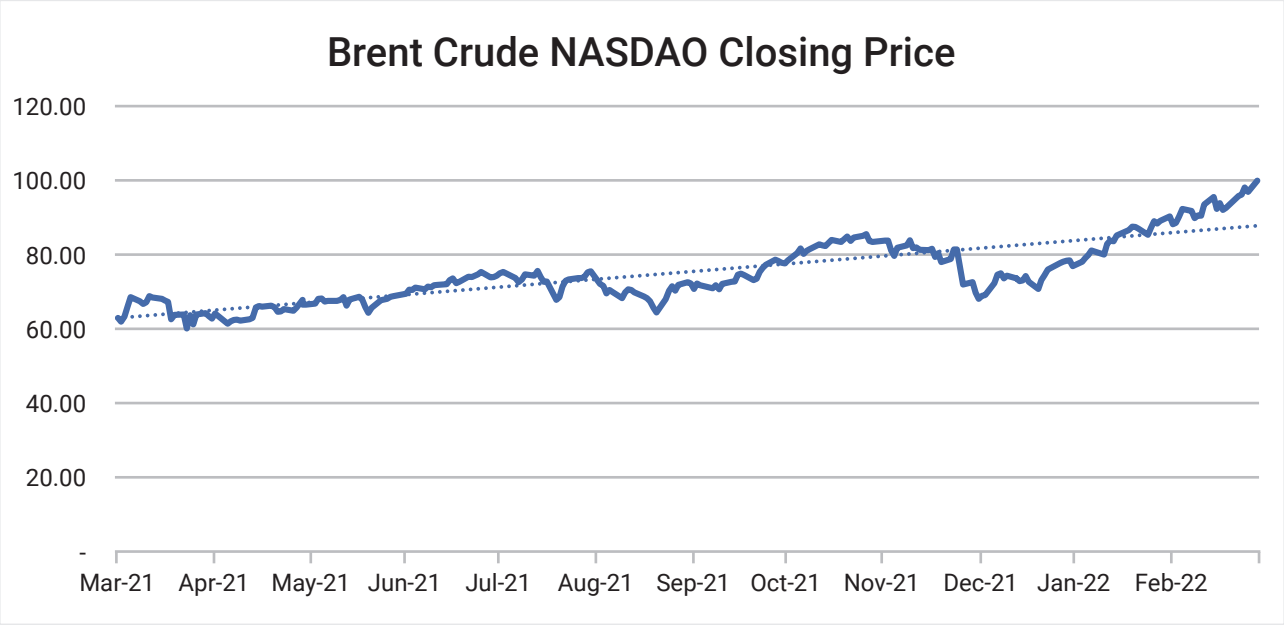
MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

The financial year 1 March 2021 to 28 February 2022 (FY2022) was a year of recovery for Pantech Group against a backdrop of gradual reopening of industry activities and global economy. The various initiatives and measures to combat COVID-19 were implemented by individual economies and facilitated resumption of global activity.

Global GDP in 2021 showed positive momentum reaching 5.6% attributable to the growth of US (5.7%) and eurozone (5.2%). At the same time, India and China expanded 8.1% and 8.8% respectively.

The easing of lockdowns worldwide and reopening of borders bolstered the recovery of global oil market. Global oil demand grew 5.7 million barrels per day (mb/d) year-on-year (y-o-y), a stark turnaround from 2020's historically low levels. This ultimately affecting Brent crude oil prices favourably.



Locally, the Malaysian economy experienced a recovery with GDP growing by 3.1% in 2021. This is despite the emergence of new variants such as Delta which resulted in a spike of COVID-19 infections beginning May 2021. Subsequently, the government decided to re-introduce strict nationwide containment measures, Movement Control Order (MCO 3.0). The continued restrictions perpetuated a difficult business environment sustained from the previous year.

The National COVID-19 Immunisation Programme helped to hasten the reopening of business activities by Q3 FY2022. By October 2021, Malaysia achieved a vaccination rate of 91.4% of the country's adult population. Pantech Group played its part by ensuring employees were vaccinated, participating in the nation's Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS).

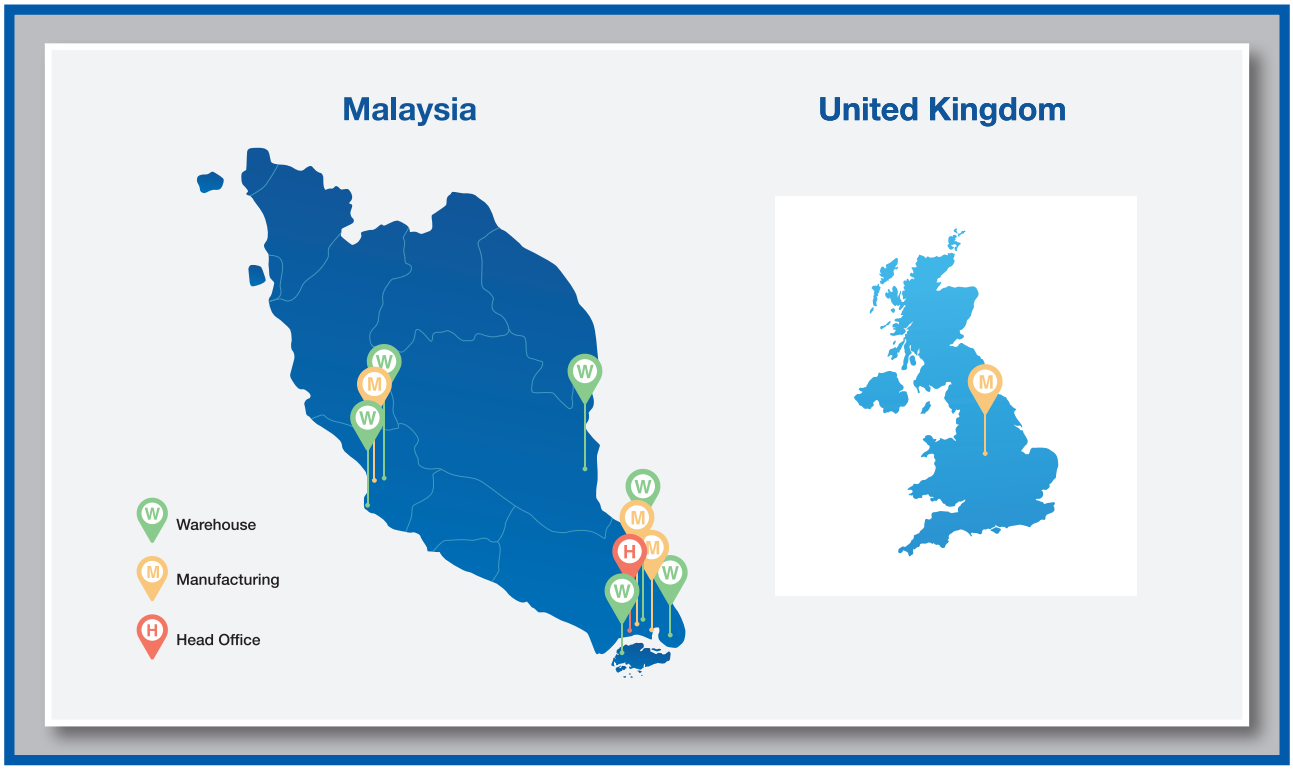
Pantech Group's FY2022 ended with geopolitical tensions between Russia and Ukraine, which eventually resulted in a full invasion. It created an environment that challenged the budding economic recovery on the back of logistic disruptions and rising operating cost.

BUSINESS BACKGROUND AND STRATEGY

Pantech Group's strategy is driven by our aspiration to be an international leader in the provision of total solutions for gas and fluid transmission system.

We have manufacturing facilities and trading operations to supply over 30,000 SKUs of PVF, catering to the needs of oil & gas (onshore and offshore), marine, palm oil, refinery, energy, process industrial and petrochemical and chemical industries. Via our operations and warehouses in 11 locations in Malaysia, Singapore and United Kingdom, Pantech Group serves customers in over 70 countries.

We complement the provision of PVF products with project management and advisory services, providing insights and advice to customers, tapped from years of experience and established track records. Together, our products and services position Pantech Group as a One-Stop Centre for PVF.



TRADING

Strategically located in free trade zones and nearby ports, the Trading Division warehouses can meet customers' needs on a quick and timely basis. The Trading Division distributes PVF from international vendors as well as Pantech Group's own Manufacturing Division.

We are an accredited and approved supplier of high pressure seamless and specialised PVF, flanges and other fluid transmission related products made of a wide range of steel and alloy materials. The Group continuously monitors the market and expands our product range to meet customers' needs.

Pantech Group products comply to international engineering standards, meeting the stringent requirements of the oil and gas industry and are accompanied with relevant material certifications to provide quality assurance.

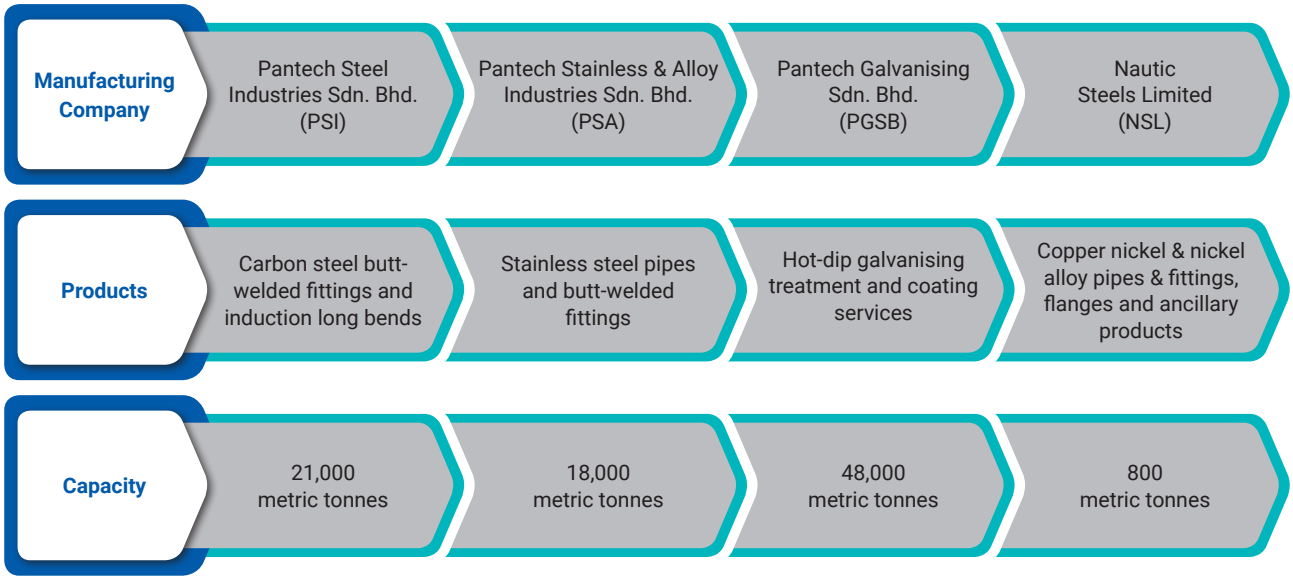
MANUFACTURING

Pantech Group manufactures standard and customised ranges of pipes and fittings of various materials which meet international standards. Our diverse manufacturing portfolio includes stainless steel welded pipes and fittings including elbows, tees, reducers, stub ends and endcaps made of carbon steel, stainless steel, nickel alloys, duplex and other alloys. Products manufactured by Pantech Group bear the Made in Malaysia stamp.

The Manufacturing Division has three plants in Malaysia and one in United Kingdom spread across 153,000 square metres of total land area. Each of these plants is operated by a respective subsidiary, and has capabilities and capacities to fabricate bespoke products of different materials and requirements. Pantech Group also owns one of the largest galvanising bath in Southern Peninsular Malaysia.

The Manufacturing Division expanded with the addition of Unity Precision Engineering Sdn. Bhd. (UPE) in April 2022 when the acquisition for a purchase consideration of RM13 million for 100% equity interest was completed. UPE is a metal precision machining, engineering and turnkey solutions company that serves the oil and gas and other industries. UPE supplies computer numerical control (CNC) turning, CNC milling, wire cut, grinding, deep hole drilling and other manufacturing services.

Management Discussion And Analysis (cont'd)



STRATEGY

Pantech Group focuses on three strategic thrusts to position ourselves as a One-Stop Centre for PVF.

Inventory Management

Pantech Group utilises technology to efficiently manage and monitor inventory levels. The Group's senior management is extensively involved in the planning and management of inventory to fulfil market demand while audits are conducted on the procurement and inventory management functions to minimise risks and ensure the effectiveness of internal controls.

The external environment is continuously monitored to determine the optimal levels of inventory, reducing the time needed for our customers to receive their orders.

In addition, the Group manages its capital by continuously reviewing current and anticipated cashflow requirements. When required, the combination of internal funds and borrowings is adjusted to meet operational needs and to minimise finance cost.

We maintain sufficient levels of cash and bank balances to safeguard the Group against liquidity risk as well as utilise hedging strategies to mitigate foreign currency risk.

Ultimately, this efficient inventory and cash flow management reinforces our reliability as the One-Stop Centre for PVF.

Customer and Vendor Relationship

Our values of mutual respect, open communication and commitment to quality have driven us to nurture long-term relationships with our customers and vendors. We have continuously generated a steady stream of orders, a testament of our brand and ability to meet customers' needs.

At the same time, the same values are embodied throughout the procurement process. This has led to many stable and long-term relationships with suppliers, many have conducted business with Pantech Group for over a decade. Notwithstanding the familiar relationship, the Group maintains the utmost care and diligence to ensure transactions are always conducted ethically.

Propelling Pantech Group Forward

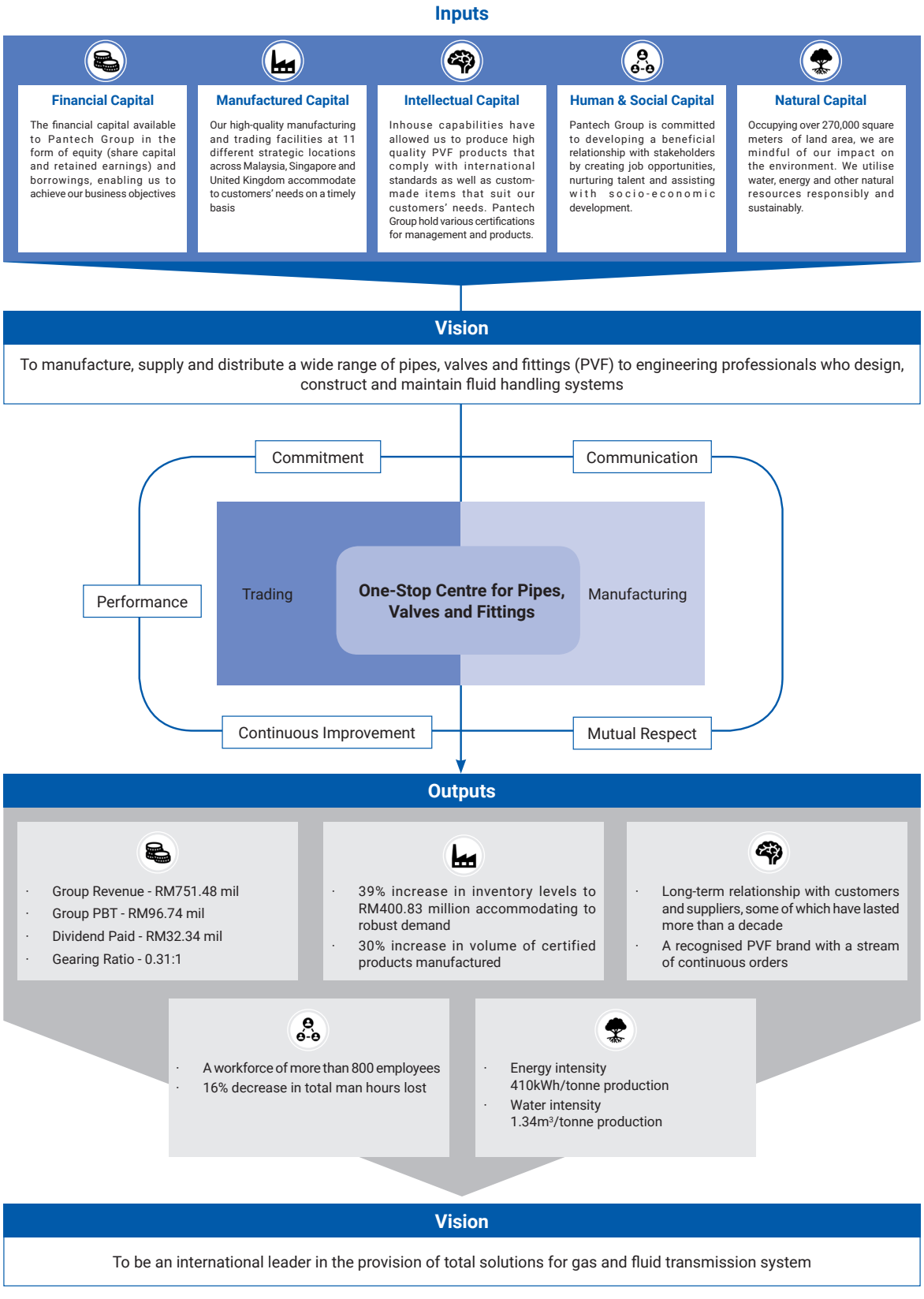
As we advance towards being an international leader in the provision of total solutions for gas and fluid transmission system, Pantech Group continuously improves our processes and is committed to providing quality products.

Quality assurance and traceability of our products are of utmost importance to the Group. We ensure relevant certifications and our documentation is archived in a systematic document library. This has held Pantech Group in good stead such as demonstrated by the favourable outcome of the United States Department of Commerce (US DOC) final affirmative anti-circumvention determination in 2019.

To further develop core competencies, we allocate and invest our resources strategically. Pantech Group undertakes continuous research and development to improve our manufacturing processes. We complement this by acquiring property, plant and equipment to enhance internal capabilities and expand our wide PVF range. The upgrading of our facilities improves our value chain.

Collectively the focus on quality and assurance and process improvements has generated sustained positive outputs and created value for our stakeholders.

Value Creation Model



Management Discussion And Analysis (cont'd)

RISK AND OPPORTUNITIES

The Board is responsible for the implementation of robust internal control and effective risk management systems. Assisted by the Audit Committee and Risk Management Committee, the Board identifies, assesses and measures the risks that may impact the Group's ability to create value. Subsequently, an appropriate course of action is developed to mitigate these risks while still achieving the Group's business objectives.

Further details regarding Pantech Group's key risks and risk mitigation activities can be found on pages 38 - 40.

FINANCIAL & OPERATIONAL REVIEW

Pantech Group's FY2022 mirrored the growth trajectory exhibited by the oil and gas industry. With the reopening of the economy, our furnaces were reignited. Both the Trading Division and Manufacturing Division were able to resume operations.

Trading Division

The Trading Division posted a strong performance during the year. Revenue increased by 51.11% to RM411.50 million compared to RM272.32 million in FY2021. At the same time, segment profit was at RM47.05 million, an increase of 40.35% from FY2021's RM33.52 million.

The improved performance was due to a combination of factors. There were increased deliveries to the local oil and gas sector stemming from the recovery of oil and gas activities. A higher trading volume resulted in economies of scale facilitating the optimisation of trading activities.

Meanwhile, the robust demand for products translated into higher product prices. Our improved product mix enabled Pantech Group to capitalise on the opportunity, leading to improved revenue and profitability recorded in FY2022.

Manufacturing Division

The Manufacturing Division recorded similar positive performance. Revenue came in at RM339.98 million, a 58.92% y-o-y increase. Segment profit for the division vaulted 309.41% y-o-y to RM59.01 million.

During FY2022, the division resumed manufacturing operations, a marked turnaround from the previous limited operating capacity imposed by the government to curb COVID-19 infection. There was robust export demand for Pantech Group's PVF, which contributed positively to top-line growth.

As the financial year progressed, operations picked up pace, generating cost savings through optimised manufacturing operations. The Manufacturing Division also enjoyed higher product prices on top of an improved product mix. Together, these factors resulted in a favourable increase in margins.

Pantech Group is embarking on a journey to adopt sustainable energy source by installing solar photovoltaic system in PSI. The projected installation capacity is around 1,469kWp to support the production operations at PSI and the installation is expected to complete in FY2023. The system will contribute towards reducing Pantech Group's carbon footprint as well as generating cost savings.

The completed installation of new machineries in PSA and PGSB in FY2021 continue to contribute favourably to our production capacity as output improves.

Manufacturing Company	Output Achieved in FY2022
Pantech Steel Industries Sdn. Bhd.	90%
Pantech Stainless & Alloy Industries Sdn. Bhd.	90%
Nautic Steels Limited	70%
Pantech Galvanising Sdn. Bhd.	75%

Manufacturing productivity remains steady and a core focus of our operations. The Group monitors output levels perpetually to ensure that inventory levels are able to meet market demands.

Challenges

FY2022 represents another year navigating the circumstances arising from the COVID-19. The aftermath of the pandemic created supply chain bottlenecks, inflationary pressures and labour shortages.

This was exacerbated by the Russian invasion of Ukraine, escalating geopolitical tensions and creating concerns on the trajectory of global recovery. Commodity prices spiked creating further inflationary pressures, eroding consumer purchasing power, dampening economic activity as well as creating financial risks.

Malaysia was no exception to the impact of the invasion. Headline inflation in 2021 averaged higher at 2.5% (2020: -1.2%) which slightly eroded margins as the cost of doing business increased. This was offset by the robust demand exhibited by the oil and gas and palm oil sector, which worked in Pantech Group's favour.

Operationally, the Group encountered another MCO instituted by the government as a response to the rising number of infections in the second quarter. Manufacturing and trading activities slowed albeit still at a higher productivity level as compared to FY2021. Our experience and resilience allowed us to manoeuvre seamlessly past this hurdle. The strategy of efficient inventory management enabled adequate inventory levels to meet demand despite a temporary disruption to manufacturing.

The lifting of the MCO in our Q3 FY2022 allowed for manufacturing activities to be ramped up to increase production and further shorten export lead time.

Over the past 35 years of operations, Pantech Group has demonstrated commitment to fulfilling customer orders in a quick turnaround time, continuously improving along the way, and maintaining open communication channels with stakeholders to supply the market with total solutions for fluid transmission systems.

Group

Overall, both the Manufacturing and Trading Divisions recorded exceptional results compared to FY2021. This led to Pantech Group revenue and profit before tax (PBT) to rise to RM751.48 million (+54.54% y-o-y) and RM96.74 million (+168.63% y-o-y) respectively.

Aligned with its strategy, the Group has been building inventory levels throughout the financial year. FY2022 saw inventory levels standing at RM400.83 million, 38.66% higher compared to FY2021 (RM289.08 million). Against a backdrop of rising inflation and logistic disruption, the higher inventory level puts Pantech Group in the position to respond to market demand quickly. Even so, the Group remains vigilant, monitoring developments and adjusting inventory levels accordingly.

Liquidity remains healthy as our gearing ratio is well within management's guidance at 0.31 compared to 0.26 in FY2021. Open communication between Pantech Group and our suppliers and customers allowed for efficient working capital management. Resultantly, cash and bank balances increased to RM181.28 million compared to RM137.72 million in FY2021.

Directed by our strategy, Pantech Group has produced another year of profitability. Our agility to respond accordingly to market dynamics led us to a strong performance. We are pleased to share the value we have created with our loyal shareholders. For FY2022, Pantech Group has paid out the following dividends:

- First interim single tier dividend of 0.50 sen per ordinary share, amounting to RM3.85 million.
- Second interim single tier dividend of 1.00 sen per ordinary share, amounting to RM7.96 million.
- Third interim single tier dividend of 1.00 sen per ordinary share, amounting to RM8.20 million.

A final single tier dividend of 1.50 sen per ordinary share that brings the total dividend per share to 4.00 sen for FY2022, has been proposed by the Board of Directors.

This translates to a total dividend payout of approximately RM32.34 million, a generous 45.07% of Pantech Group's profit after tax (PAT) upon shareholders' approval at the upcoming Annual General Meeting.

Management Discussion And Analysis (cont'd)

Outlook

Trade activities have taken a turn for the better as borders begun reopening. Malaysia is already experiencing the upside from this with 5% growth in the first quarter of 2022. As an oil producing country and one of the largest palm oil producers in the world, Malaysia is in an advantageous position.

The increasing economic activities bodes well for oil and gas demand. According to World Bank, the price of Brent is expected to average $100/bbl in 2022 while OPEC expects global oil demand to average at 100.5 mb/d due to the growth in oil consumption in advanced countries, price inelasticity of oil and reduced Russian exports.

Pantech Group's top-line performance is expected to follow the momentum of Brent demand and prices, contributing favourably to growth in revenues. Our Trading and Manufacturing Divisions are ready to capitalise on this opportunity, carrying forward the strong capacity and productivity levels shown in FY2022.

Additionally, the strategic acquisition of UPE complements Pantech Group's value proposition by providing value added services. By leveraging UPE's existing facilities and talent, the Group generates operational synergies as well as enlarging our product and service offerings towards being the One-Stop Centre for PVF.

Operational risks, however, remain high on the back of COVID-19, other arising diseases and geopolitical environment. The uncertain economic condition has given rise to inflationary pressures, labour shortages and supply chain disruptions. Pantech Group is no exception to these developments and expects material cost and labour cost to continue rising, contributing to higher operational cost and rising interest cost.

Nevertheless, the Group enters FY2023 with foresight, maintaining an inventory level that mitigates the risk of adverse material movements and supply chain disruptions while enabling us to benefit from the encouraging oil and gas market.

Without any major deviations to the current recovery trajectory, the Group is confident that we can produce another favourable performance this year.

SUSTAINABILITY STATEMENT

About This Report

Pantech Group is wholly committed to providing relevant disclosures on how operational activities impact stakeholders. Conducting business in a sustainable and ethical manner is cardinal in our pursuit of being an international leader in the provision of total solutions for gas and fluid transmission system.

This Sustainability Report presents qualitative and quantitative information regarding the material topics identified through our materiality assessment process. These topics represent Pantech Group's most significant impacts on the economy, environment, and people.

Due care was exercised in preparing this report to reflect our sustainability efforts in a true and balanced manner. It illustrates our approach, principles, initiatives, performance, and commitment as well as our contributions towards the United Nations Sustainable Development Goals (UN SDGs).

Echoing our strategic objectives, Pantech Group's sustainability initiatives focus on preserving and utilising the capitals towards achieving our vision. Our sustainability initiatives are classified into three (3) main operational pillars:

- **Sustainable Business Growth**

  Pantech Group is committed to creating long-term value for our stakeholders. This is done through careful utilisation of capitals guided by the monitoring and assessment of risk and opportunities. We practise continuous learning and improvement with relevant trainings to keep us agile and adaptable to the dynamic business environment. We supply an extensive range of pipes, valves, and fittings (PVF) that meet strict customer requirements through prudent investment in new facilities and upgrades to ensure efficiency of our operations.

- **Environmental Protection**

  We play our part towards transitioning to a low-carbon economy by minimising our impact towards and preserving natural capital. The Group employs proper waste disposal and management, has control systems and equipment installed, and harness renewable energy sources as well as allocate resources efficiently to our best capability.

- **Workplace Management**

  Maintaining a safe and conducive working environment is vital for Pantech Group. We continuously strive to maintain a safe workplace, nurture and invest in talent, and champion inclusion and equality to foster employee wellbeing.

Pantech Group contributes to 9 out of 17 UN SDGs as mapped in the chart.

Sustainability Intiatives	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Sustainable Business Growth						●		●	
Environmental Protection				●	●				●
Workplace Management	●	●	●			●	●		

Sustainability Statement (cont'd)

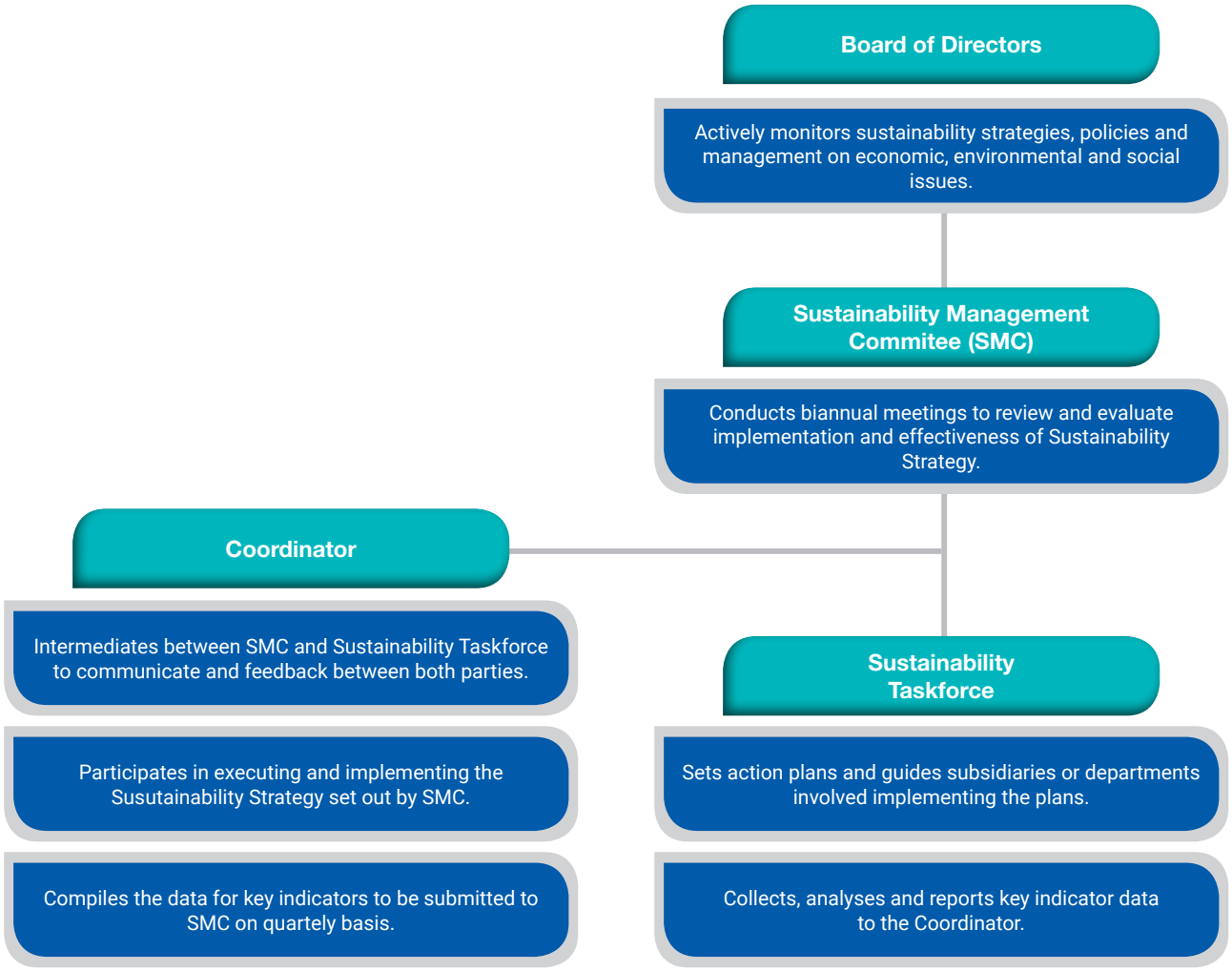
Reporting Approach

This Report is guided by Bursa Malaysia Securities Berhad's Main Market Listing Requirements on Sustainability Statement in Annual Reports. Material issues regarding Environmental, Social and Governance (ESG) aspects from Bursa Malaysia's Sustainability Reporting Guide and Sustainability Toolkits were referenced. This Statement is also in line with global sustainability agendas and UN SDGs.

Sustainability Governance

The Board of Directors (Board) holds the ultimate responsibility and accountability for embedding sustainability into Pantech Group's strategic direction and daily operations. The Board is supported by a robust Sustainability Governance structure that ensures long-term shareholder value creation and safeguarding of stakeholder interests.

The Sustainability Management Committee monitors, evaluates, develops and implements strategies, ensuring the inclusion of sustainability considerations. Our sustainability culture and values are driven by top management and cascaded down to all employees across Pantech Group. We remain committed to positively affecting the economy, environment, and people through continuous improvement.



Materiality Assessment

Materiality Assessment Process

Materiality assessments are conducted annually and is central to aligning Pantech Group's strategies, performance management and reporting. It ensures our sustainability strategy addresses stakeholders' evolving concerns including economic, environmental, social and governance matters that significantly influence our ability to create value.

We referred to Bursa Malaysia's Sustainability Reporting Guide and Toolkits, UN SDGs, and relevant industry-specific references and publications to update material sustainability matters significant to Pantech Group's business operations which can be a major influence on stakeholders' decisions.

Scope of Reporting

The Sustainability Report covers the financial period 1 March 2021 to 28 February 2022, and for Pantech Group subsidiaries mentioned below, unless otherwise stated.

The basis of reporting covers subsidiaries which:
1. Have business operations within Malaysia.
2. Have significant revenue contribution or impact to Pantech Group.

The subsidiaries which fall under this scope are:
- Pantech Corporation Sdn. Bhd.
- Pantech (Kuantan) Sdn. Bhd.
- Pantech Stainless & Alloy Industries Sdn. Bhd.
- Pantech Steel Industries Sdn. Bhd.
- Pantech Galvanising Sdn. Bhd.

For this year's report, indicators disclosed include some with baseline comparison data.

Stakeholder Engagement

Pantech Group is accountable to stakeholders. We strive to provide transparent disclosures regarding our decision-making processes to achieve long-term value creation. Emphasis is placed on stakeholder engagement to develop strategies that harmonise with stakeholders' interests and expectations. Pantech Group conducts engagements with stakeholders through various channels to address their concerns.

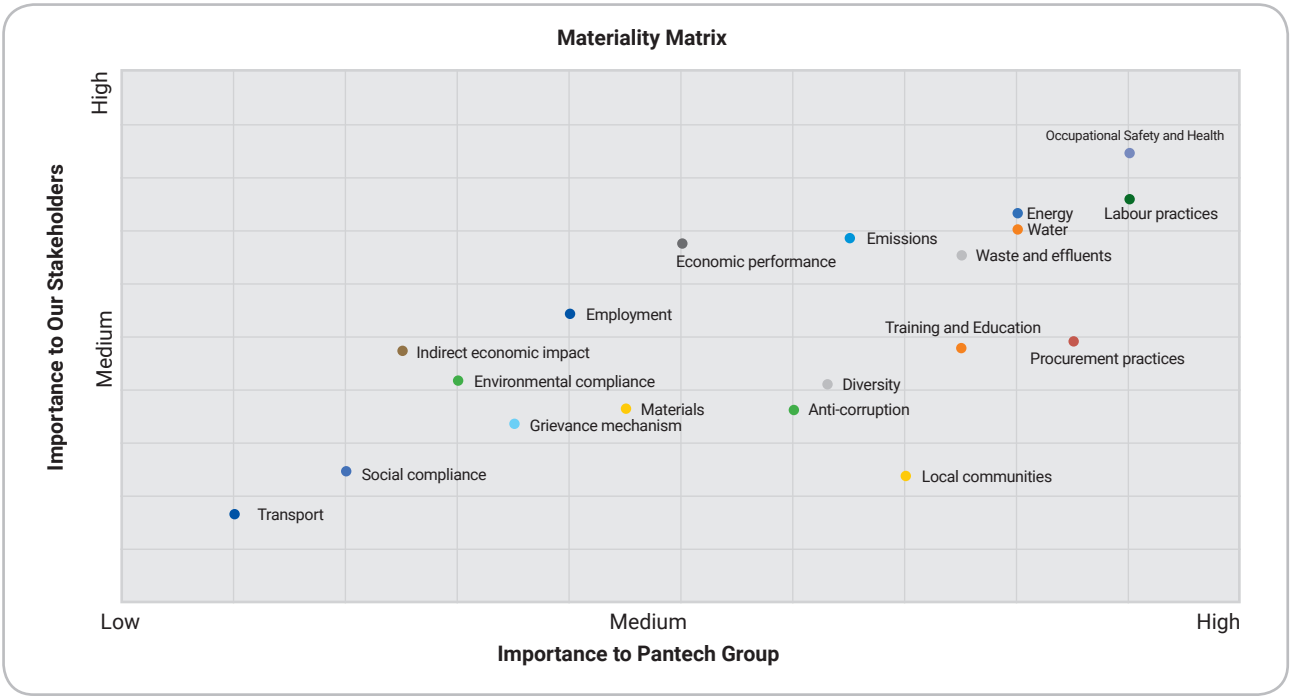
Sustainability Statement (cont'd)

Stakeholder Engagement (cont'd)

STAKEHOLDER GROUPS	AREAS OF INTEREST	METHOD OF ENGAGEMENT
INVESTORS AND SHAREHOLDERS	• Group financial performance • Return on investment • Corporate governance and compliance • Business strategy and outlook	• AGM and EGM • Annual Report • Dissemination of information and disclosure of materials on Pantech Group's website • Investor relations sessions • Company announcements
EMPLOYEES	• Career development & progression • Performance management	• Meetings • Performance appraisals • Face-to-face discussions • Learning and development trainings
	• Workplace conduciveness • Occupational Safety and Health	• Learning and development trainings • Internal memo circulation
	• Employee welfare • Balanced lifestyle	• Festival celebrations • Company events • Employee surveys • Sports activities
CUSTOMERS	• Relationship management • Quality of products and services	• Meeting and business communication • Customer satisfaction surveys • Customer feedback • Corporate website
SUPPLIERS	• Relationship management • Quality of products and services • Supply chain management • Corporate governance and compliance	• Meeting and business communication • Supplier evaluation and registration
GOVERNMENT AGENCIES AND REGULATORY BODIES	• Regulatory compliance • Waste management and environmental compliance • Labour practice and safety compliance	• Statutory submissions • Inspections conducted by authorities • Letters/meetings/verbal communication
LOCAL COMMUNITIES	• Environmental practices • Social responsibility • Work opportunities	• Corporate Social Responsibility (CSR) activities • Job vacancy advertisement

Materiality Matrix

The following chart illustrates our material matters in FY2022 and depicts importance of each material matter based on its influence on stakeholder assessments and decisions.



Sustainable Business Growth

Economic Business Growth

Pantech Group is mindful of the knock-on impact we have on society. We understand our activities are an important source of income for local communities and provide a source of revenue for the nation via our taxes. We have continuously generated economic value which is appropriately distributed to stakeholders and retained to fuel growth.

As a key part of the supply chain and with entities in various strategic geographic locations, we create job opportunities for various communities contributing towards socio-economic development.

In addition to our impact on communities, we are conscious of the risks and opportunities brought about by climate change and the potential changes it can bring to our operations, revenue and expenditure. The impact of emissions, energy and water have been mapped accordingly in the materiality matrix on page 23. Methods to manage the risks and opportunities are discussed in the Environmental section on pages 25-27.

The Management Discussion and Analysis on pages 12-18 disclose the challenges and opportunities in the context of our operating environment. Information regarding the economic value generated, distributed, and retained in terms of revenue, operating costs, employee wages and benefits, tax expenses, dividend paid, and unappropriated profits can be found in the audited financial statements on pages 55-168.

Quality Assurance and Professional Certification

Pantech Group's pipes, valves, fittings, flanges, and other products meet strict global and industry standards catering to a global customer base.

We curate an extensive, systematic, robust and up-to-date, dedicated document archive. If required, certificates are used to trace individual components and to validate requirements by customers or authorities.

Pantech Group holds certifications from various bodies providing quality assurance to our customers worldwide. We are wholly committed to delivering quality and customer satisfaction.

Sustainability Statement (cont'd)

Quality Assurance and Professional Certification (cont'd)

ENTITY	CERTIFICATION	CERTIFICATION BODY
PANTECH CORPORATION SDN. BHD.	ISO 14001:2015	SGS United Kingdom Ltd Systems & Services Certification
	ISO 14001:2015	SGS (Malaysia) Sdn. Bhd. Systems & Services Certification
	ISO 45001:2018	SGS (Malaysia) Sdn. Bhd. Systems & Services Certification
	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
PANTECH STEEL INDUSTRIES SDN. BHD.	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
	EC Certificate of Quality System Approval in accordance with the requirements of the Pressure Equipment Directive 2014/68/EU	Lloyd's Register Nederland B.V.
	Approval of Manufacturer Certificate	DNV GL Hamburg, Germany
PANAFLO CONTROLS PTE. LTD.	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
PANTECH STAINLESS & ALLOY INDUSTRIES SDN. BHD.	ISO 9001:2015	Lloyd's Register Quality Assurance Ltd
	ASTM A 312/A 312M & A 403/A 403M	Sirim QAS International Sdn. Bhd.
	SPAN	Suruhanjaya Perkhidmatan Air Negara
	EU Certificate of Quality System Approval in accordance with the requirements of the Pressure Equipment Directive 2014/68/EU	Lloyd's Register Nederland B.V.
	Welded Pipes and Tubes in Austenitic Stainless Steel, Austenitic Stainless Steel Pipe Fittings	Lloyd's Register EMEA
	Approval for Water Supply Products	Jabatan Air Negeri Sabah
	Approval for Water Supply Products	Pihak Berkuasa Air Negeri Sarawak
	NSF/ANSI/CAN 61	NSF International
	Standards Compliance for Welded Stainless Steel Pipes	Construction Industry Development Board (CIDB) Johor
NAUTIC STEELS LIMITED	ISO 9001:2015	Lloyd's Register Verification
PANTECH GALVANISING SDN. BHD.	ISO 9001:2015	Transpacific Certifications Limited

Procurement Practices

Compliance with regulations and standards are embedded throughout all processes in Pantech Group. Vendors undergo a selection process which includes a thorough vetting and review. Suppliers are considered based on the quality of materials, reliability, lead time, cost, and ISO certifications.

Pantech Group maintains many stable and beneficial long-term relationships with our major suppliers by cultivating an open communication channel and fostering mutual respect. Some of the Group's suppliers have business relationships with us for over a decade. Nevertheless, the Group is diligent to ensure procurement is conducted responsibly, with integrity and through ethical transactions.

Employees are trained to maintain the highest standards when handling materials. Rigorous Quality Control (QC) checks are conducted throughout the manufacturing process to verify that quality of goods meet requirements. Identified deviations are separated and disposed of responsibly as scrap metal through a qualified provider.

Environmental

Energy

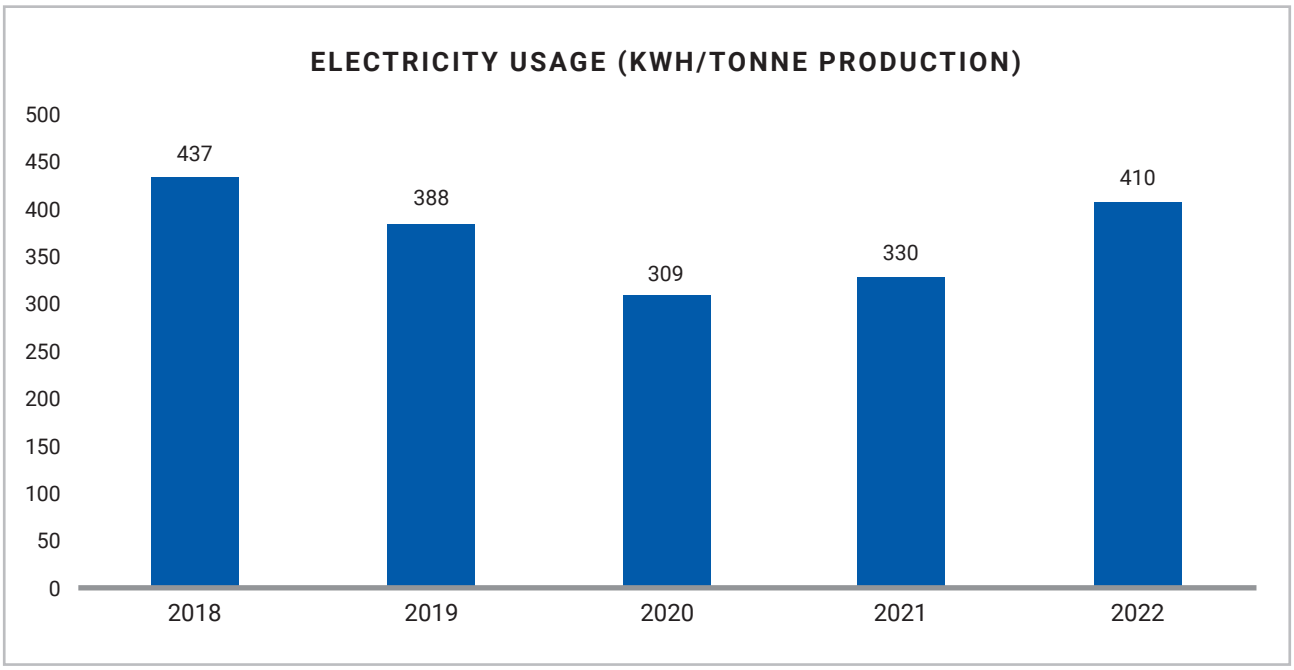
In our aspiration to be an international leader in the provision of total solutions for gas and fluid transmission system, Pantech Group consumes energy in our manufacturing and trading operations.

Use of energy efficient machinery enables better output with reduced energy consumption and potential wastage. We have put in place several measures to limit consumption of energy in our operations including:

- Energy-efficient practices to reduce energy usage when operation areas are not utilised.
- Translucent roofing in warehouses to capitalise on Malaysia's abundance of sunlight, negating the need for extensive lighting during bright sunny days.
- Daily monitoring system highlighting any surge of electricity to the Head of Production and Management team for verification, investigation and further action.

For this reporting period, electricity usage (kWh/tonne production) of the manufacturing division increased by of 24.24% in FY2022. This is attributable to the operational disruption caused by various Movement Control Orders (MCOs) where machines were operating as required but lack of manpower led to reduced utilisation. Additional production shifts to meet the recovery in demand led to higher energy use.

As part of our green initiatives, we will install a 1,469.32kWp grid connected photovoltaic system at Pantech Steel Industries Sdn. Bhd. (PSI). The installation is estimated to be completed in FY2023. Upon commissioning, this will reduce our reliance on grid electricity and avoid the production of up to 1,362 tonnes of CO2 annually.



* *Data from Manufacturing Division*

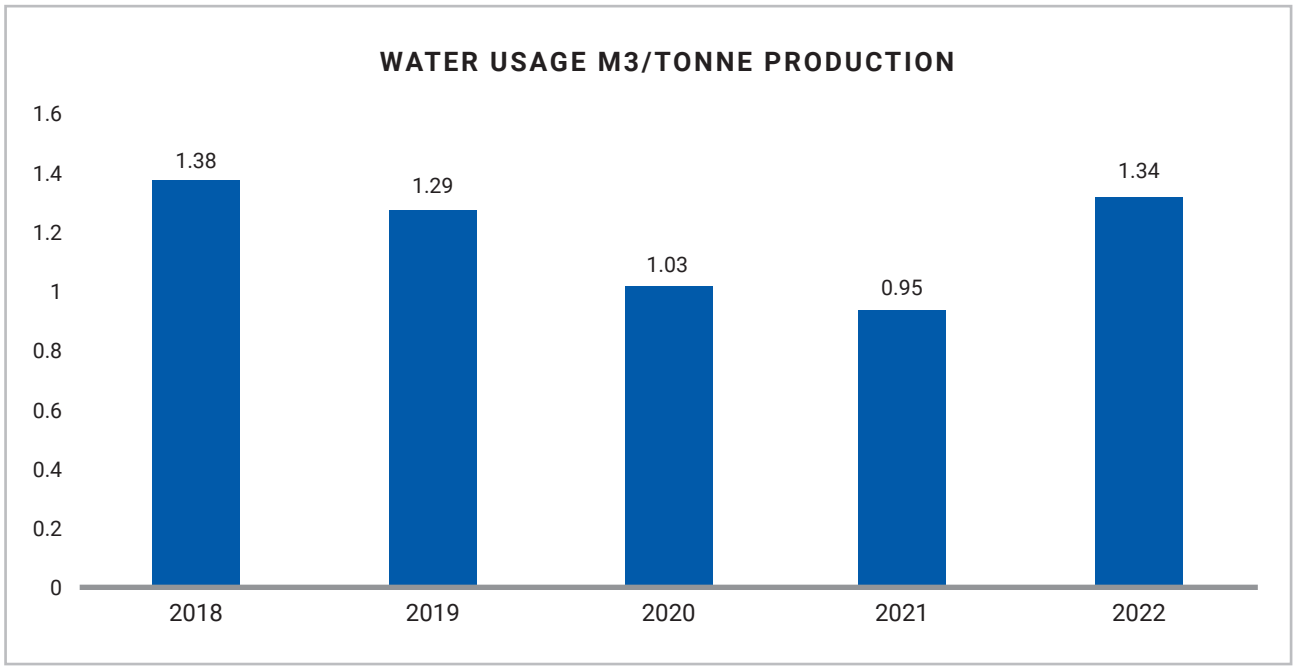
Sustainability Statement (cont'd)

Water

Pantech Group is cognisant of the importance of clean water sources for societal consumption. We monitor and implement measures to reduce our water usage that could contribute towards water scarcity. Pantech Galvanising Sdn. Bhd. (PGSB) and Pantech Stainless & Alloy Industries Sdn. Bhd. (PSA) employ rain harvesting which comprise collection, filtration, and storage systems.

Seven rainwater catchment tanks are installed across PGSB and PSA that have a total capacity of 70,000 gallons. At PGSB, we have also completed the construction of an additional rain harvesting system which can store 790 gallons of water, accommodating requirements of the 2-acre land expansion undertaken in FY2021.

FY2022 saw the water usage (m3/tonne production) increasing by 41.05%. Similar to electricity usage, the increase was due to greater demand for our products. Increased manufacturing activities required a higher water usage.



* *Data from Manufacturing Division*

Effluents, Waste and Emissions

PGSB and PSA have Industrial Effluent Treatment Systems to ensure proper disposal of wastewater arising from manufacturing processes. This includes wastewater and sludge treatment facilities that can treat and neutralise up to 240 cubic metres of acid water from pickling tanks daily.

Licensed vendors are engaged for the proper handling and onward processing of sludge, in accordance with required regulations.

Pantech Group also implements scrubber systems to neutralise and filter acidic fumes from the pickling process. Dust collector systems complement the scrubber systems by filtering air and preventing dust particles from being released.

The Group continuously monitors the need for additional waste management systems. For FY2022, the Industrial Effluent Treatment System, air scrubber system, and dust collector system installed at PGSB's facility in FY2021 have contributed positively towards the Group's waste management initiatives.

The details of these machineries are as follows:

INDUSTRIAL EFFLUENT TREATMENT SYSTEM

- Process up to 20 cubic metres of wastewater per day

AIR SCRUBBER SYSTEM

- Capacity of 4,200 cubic feet per minute or 120 cubic metres per minute

DUST COLLECTOR

- Capacity of 30,000 cubic feet per minute or 50,000 cubic metres per hour

PSA undertook rectification measures after inspections by the Department of Environment (DOE) and Majlis Perbandaran Pasir Gudang (MBPG) showed non-compliance. In compliance with *Peraturan Kualiti Alam Sekitar (Efluen Perindustrian) 2009* and *Peraturan Kualiti Alam Sekitar (Buangan Berjadual) 2005*, the following were performed during FY2022:

- Upgraded the Industrial Effluent Treatment System by replacing the flexible pipe with fixed pipes and installing additional sensors in effluent tanks to detect pH readings.
- Enhanced the disposal process of scheduled waste where disposal items are stored properly, labelled with specifications and recorded accordingly.
- Strengthened the walls of underground acid tank to prevent acid leaking.
- Engaged contractor to clean drainage system.

PSA has taken actions immediately to rectify all issues highlighted by DOE and MBPG. Subsequently formal reports were submitted to the authorities and compound paid. PSA also took additional initiatives by conducting extra trainings and site audits to increase awareness and avoid recurrences of incidents.

The effluent, waste and emission management implemented is supported by a monitoring system that meets the requirements set out by the Department of Environment. This includes:

- Daily testing of the water discharged;
- Testing of water discharged conducted by a third-party laboratory on a weekly basis;
- Testing of effluent or sewage by a third-party laboratory on a weekly and monthly basis;
- Daily performance monitoring of air scrubbers; and
- Annual inspection of air scrubber conducted by a third-party vendor

The results of the monitoring system are recorded and reported to the management on a timely basis ensuring proper action is taken if there are any abnormalities.

Employment Practices

A competent, motivated and performance driven workforce is key to achieving business objectives. Understanding this, Pantech Group is focused on attracting, nurturing, developing and retaining top talents. This is done via three core themes:

1. Employee Development
2. Employee Wellness
3. Diversity and Equal Opportunities

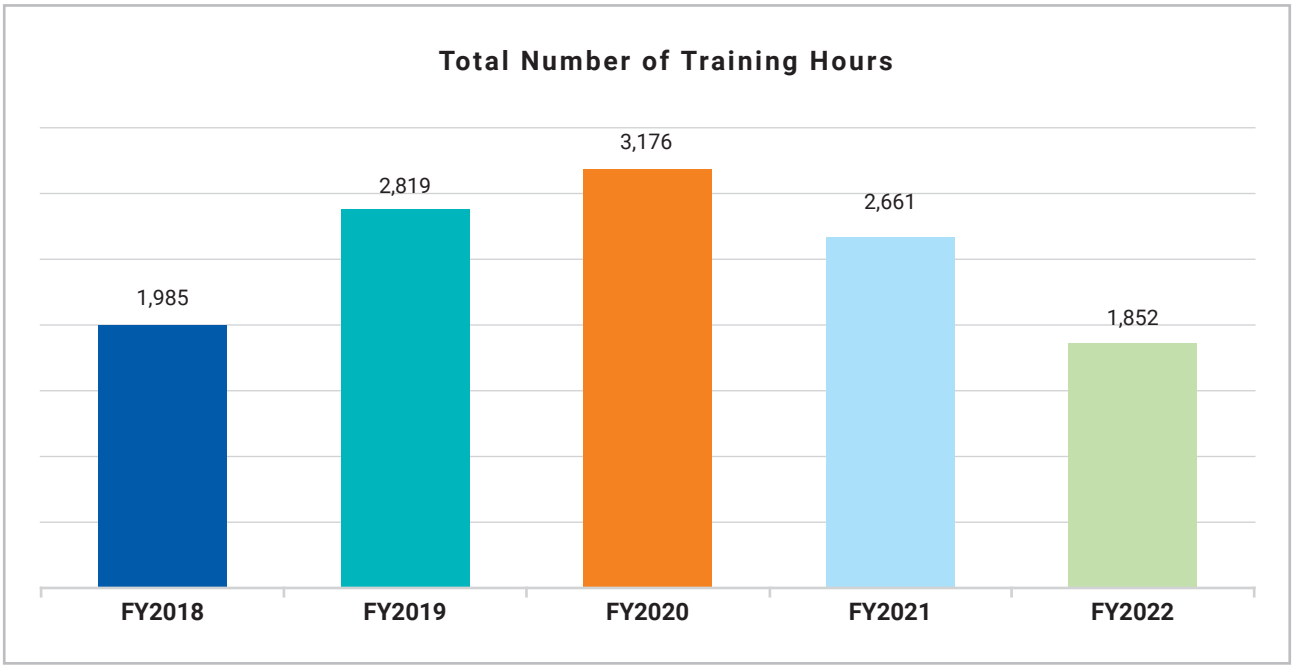
Employee Development

The Group is committed to equipping staff with knowledge, skills and capabilities that allow them to reach their full potential. Training sessions covering topics such as safety, information technology (IT), anti-bribery and corruption and sustainability were held in FY2022.

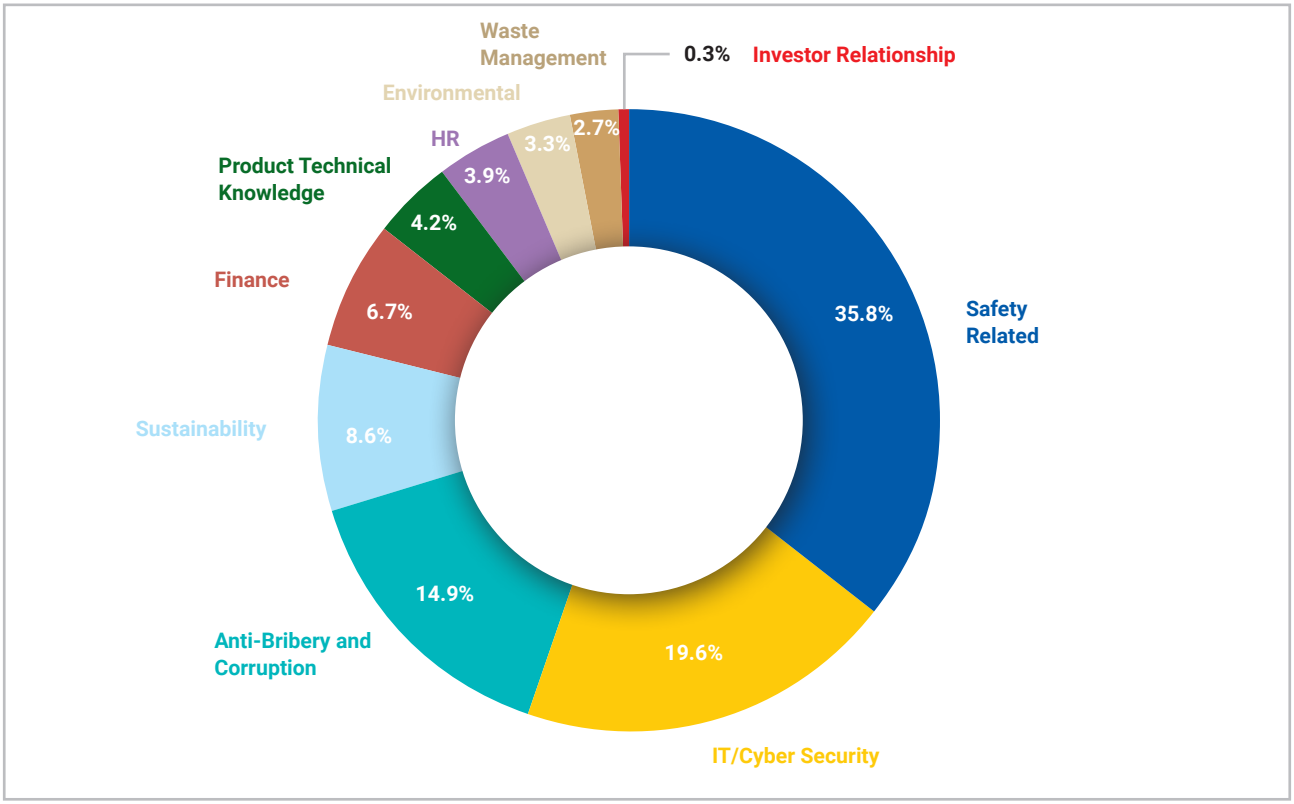
Additionally, we also organised trainings in areas such as finance, product technical knowledge, human resource, environmental, waste management and investor relations. Our goal is to deepen Pantech Group's pool of talent, enhance their skillset and enable them to remain relevant in an evolving operating landscape.

A heavy emphasis is placed on health, safety, and environment (HSE) and personal protective equipment (PPE) trainings to reinforce a culture of safety within our workforce. These sessions develop employees' ability to identify potential hazards and the subsequent remedial actions to perform. At the same time, it refreshes and updates existing knowledge and skills.

The trainings held during FY2022 covered topics including Cyber Security Awareness, Chemical Handling, Working Safety at Height, Environmental Aspect and Impact Awareness, Noise Exposure, Sustainability Accelerator, Safe Forklift and Stacker Handling, Scheduled Waste Management, Hazards at Workplace and Fire Safety.



Breakdown of Training Hours



Employee Wellness

Operational Safety and Health (OSH)

Our comprehensive approach to workplace wellness takes into consideration elements to minimise physical harm and promote employees' health. We continuously monitor the working environment surrounding our employees to identify and mitigate potential risk of unwanted incidences.

To ensure the continued safety of staff, all safety procedures are reviewed and updated periodically. Pantech Group's culture of safety is encapsulated in our CARE Policy.

Comply and exceed where practicable, with the relevant legal and other requirements

Aim to be an organization free from pollution, accident and ill health

Redesign our work activities and storage area to reduce adverse impacts and risks

Enhance our system performance continually by setting new objectives and targets periodically

Sustainability Statement (cont'd)

Operational Safety and Health (OSH) (cont'd)

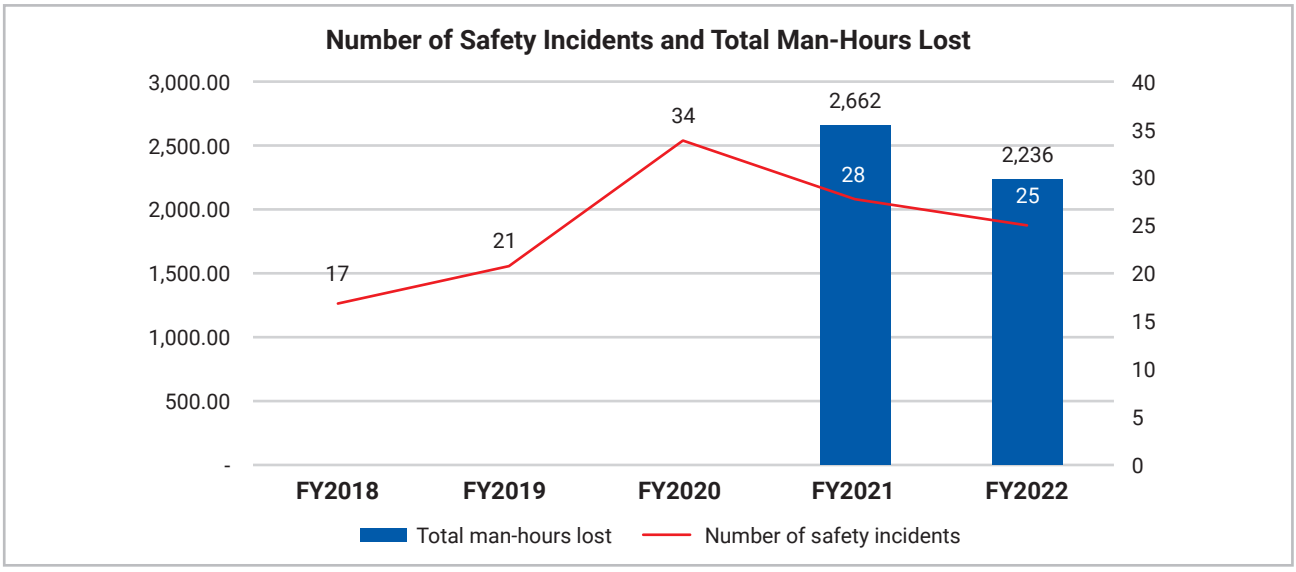
HSE and PPE trainings are important aspects in the effort to mitigate and reduce the risk of accidents. Knowledge and skills are cultivated and honed during these trainings, which involved hands-on practical sessions to internalise safety culture within our workforce.

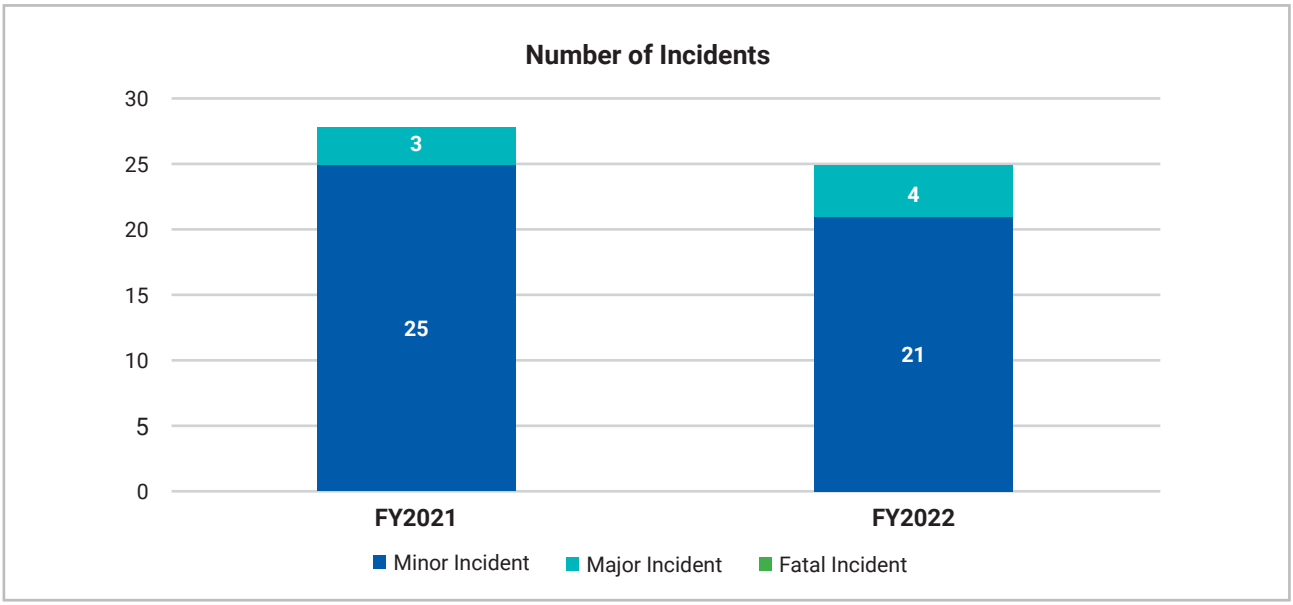
Pantech Group managers or HSE officers lead by example, conducting weekly 15-minute Toolbox Sessions with employees from the Production and Warehouse department. These sessions highlight safety issues and act as a reminder for employees to abide by safety guidelines.

As a highlight and further emphasis on HSE, the Group held the 'Pantech OSH Day' themed, "Anticipate, Prepare and Respond to Crisis: Invest Now in Resilient OSH Systems" in conjunction with World OSH Day. The one-day event complemented the initiatives and served as a platform to acknowledge and recognise employees who have exhibited outstanding OSH practices. Overall, the Pantech OSH Day was a day to remind and promote prevention of safety incidents at the workplace.

Safety related training sessions are conducted regularly and have contributed to the decline of safety incidents in FY2022. There were 25 incidents recorded in FY2022 (21 minor incidents & 4 major incidents) as compared to 28 incidents recorded in FY2021. No incident resulted in fatal injuries. Overall, this led to a 16% decrease in total man-hours lost from 2,662 hours to 2,236 hours.

All safety incidents were investigated and subsequently, precautionary and remedial actions will be implemented whenever necessary to mitigate the risk of the incident reoccurring. Pantech Group continuously assesses the risks of safety incidents in our operations. We are dedicated in maintaining a safe and conducive workplace with zero safety incidents.





Type of Incidents	Description
Fatal	• Incidents that result in death
Major	• Incidents that result in non-fatal injury but cause permanent disability • Prolonged but non-permanent disability with absence from work or on medical leave (MC) of more than 3 weeks
Minor	• Incidents that result in minor injuries but not permanent disability • Not critical or life threatening, minor abrasions, bruises, cuts and first aid type injury • Absence from work or MC of less than 3 weeks

As COVID-19 continued to be an ongoing concern, the COVID-19 Mitigation Procedures remain in place to reduce the risk of infection and minimise health risks to employees. It has been updated to reflect latest guidelines provided by the government.

Headed by the Chairman with representation from Production, Warehouse, Quality Control and Human Resource, the COVID-19 Action Group ensured procedures set are up to date to protect employees. HODs and HSE officers in turn drive the operational implementation of procedures by every Pantech Group employee.

The COVID-19 Mitigation Procedures includes initiatives such as:

1. *Availability of hand sanitisers at various locations*
2. *Daily distribution and proper disposal of face masks*
3. *Installation and operation of disinfection fogging sanitiser chambers at every entrance of Pantech Group's premises*
4. *Centralised delivery centres to minimise contact with external parties*
5. *Body temperature screening of employees and visitors upon entering premises in accordance with government SOPs*
6. *Scanning of MySejahtera and declaration of health status during registration in accordance with government SOPs*
7. *Communication and education of the hazards and spread of COVID-19 at the workplace*
8. *Distribution of self-test kits by HSE officers when required*
9. *Investigation and mitigation of suspected COVID-19 cases*

Sustainability Statement (cont'd)

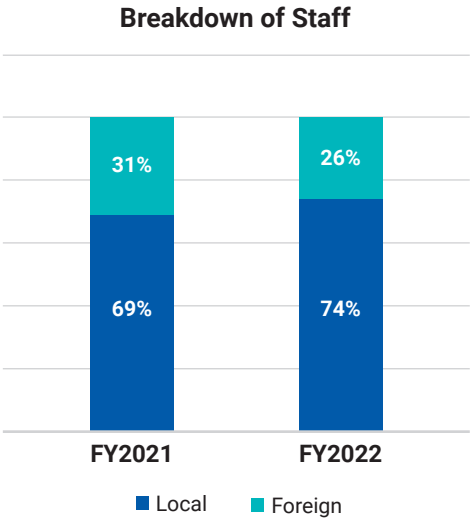
Diversity

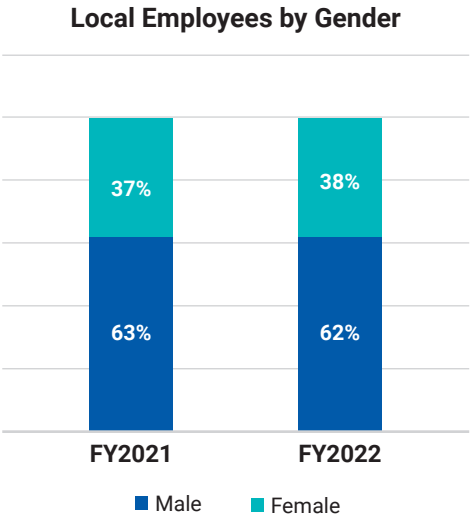
Pantech Group practises meritocracy in the recruitment, remuneration, rewards and career development opportunities of employees. The Group embraces inclusivity and diversity and treats all our employees with respect; any form of discrimination against age, race, gender, religion, family or marital status is censured.

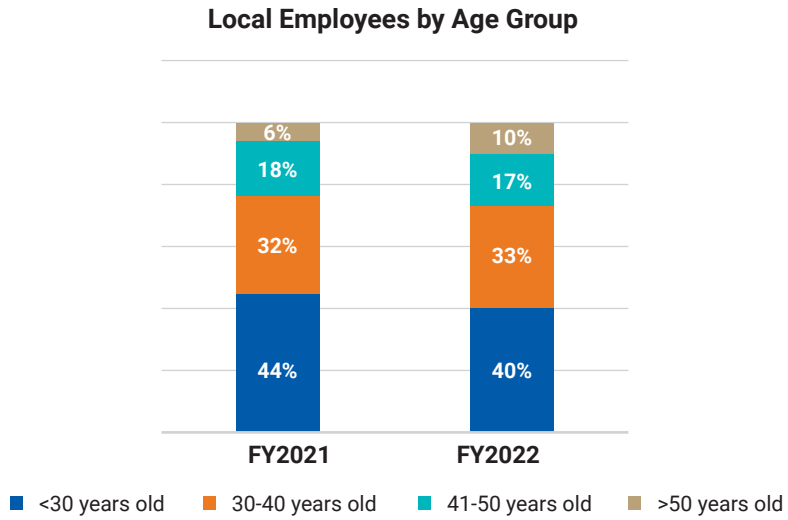
Each business unit is represented by a diverse workforce with their own individual experience, knowledge and perspectives that are complementary. This creates a synergistic and inclusive workforce that adds value to our operations.

The majority of Pantech Group's local employees are below 40 years old (73%), reflecting the Group's dedication to providing opportunity and nurturing young talent while simultaneously ensuring business continuity. One third of the Board seats are held by female directors while 38% of our entire local workforce are female.

As a corporate citizen that is committed to creating value in the communities in which we operate, we create job opportunities for locals. As at the financial year end, 74% of our employees are local.







Pantech Group acknowledges the importance of loyalty amongst our workforce as it is imperative to the achievement of our business objectives. Employees who have worked at Pantech Group for 5 years, 10 years, 15 years, 20 years and 25 years receive long service awards and cash-in-kind awards.

Anti-Corruption and Bribery

Pantech Group conducts business with integrity and adopts a zero-tolerance stance towards any forms of bribery, fraud and corruption.

Our Code of Ethics directs our dealings mitigating the risk of bribery and corruption risks in all our dealings. This is complemented by the Anti-Corruption and Bribery policy which is regularly communicated to both internal and external stakeholders.

A Whistle Blowing policy is in force for staff to safely report any misconduct to senior management without fear of repercussions. Misconduct in any form is deliberated through an internal inquiry and subsequently, if guilty, will prompt serious action.

In this respect, Pantech Group is pleased to announce that there were no corruption or bribery incidences during FY2022.

Community

Pantech Group's ability to create long-term value is built on being a desired member of the communities we operate in. We are cognisant of our economic, social, and environmental impact on the areas in which we operate, either directly or indirectly. Pantech Group make efforts to understand the unique needs of the community and are committed to creating beneficial partnerships.

Continuing our long-standing advocacy for education, Pantech Group lent a helping hand to our employees who have school-going children. The annual Back to School Programme subsidises employees' school expenses for their children in both primary and secondary school.

Sustainability Statement (cont'd)

Community Initiatives

- Supported Persatuan Tindakan Sosial Selangor with the donation of a 14-seater van for the purpose of assisting those in need.
- Helped sustain the good works of National Stroke Association of Malaysia (NASAM) in providing affordable rehabilitation services to stroke survivors.
- Lent a helping hand in the provision of basic food necessities to the underprivileged impacted by the pandemic through Soroptimist International Club Iskandar Puteri.
- Encouraged and enabled underprivileged students to continue pursuing education via the provision of 18 notebooks and desktops via Tzu Chi Foundation.
- Facilitated the process of B40 individuals to develop a sustainable source of income in collaboration with Community Transformation Initiative Berhad (CTIB), helping them to learn and provide sewing services. The seven sewing machines purchased for the programme enabled the individuals to produce (cloth) face masks. At the same time, 3-ply face masks were distributed to 216 persons from the B40 group.
- Donated RM20,000.00 to Yayasan Sin Chew in aid of a Stage 4 Lung Cancer patient.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting process and internal control system.

The Audit Committee have adopted practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

MEMBERSHIP

The Audit Committee comprises of three (3) members of which all are Independent Non-Executive Directors, in compliance with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Audit Committee and details of their attendance at the Audit Committee Meetings during the financial year ended 28 February 2022 are as follows:

Name	Designation	Number of Meeting(s) Attended
Lim Yoong Xao ^	Chairman, Independent Non-Executive Director	5/5
Dato' Sri Yap Tian Leong	Member, Independent Non-Executive Director	5/5
Nooraini Binti Mohd Yasin	Member, Independent Non-Executive Director	5/5

^ *Member of the Malaysian Institute of Accountants*

MEETINGS

The Audit Committee met five (5) times during the financial year. Other Board members and senior management staff attended the meetings by invitation of the Audit Committee. The representatives of internal and external auditors were also present during deliberations of the subjects which required their input and advice. During the financial year, the Audit Committee also met with the representatives of the internal auditors and external auditors, both without the presence of Executive Directors and Management team.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are aligned with the MMLR of Bursa Securities and recommendations of the Malaysian Code on Corporate Governance. The Terms of Reference will be revised accordingly, to cater for changes, if any. The Terms of Reference is available at www.pantech-group.com.

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the Terms of Reference of the Audit Committee, the following is a summary of work undertaken by the Audit Committee during the financial year ended 28 February 2022 in discharging its functions and duties:

Date of Meeting	Subject matters
28 April 2021	• Audit Status Report for FYE 28 February 2021 by Grant Thornton Malaysia PLT • Performance review on external auditors & private session with Grant Thornton Malaysia PLT • Review and approval of Internal Audit Plan for FYE 2022 • Review of Fourth Quarter Results ended 28 February 2021
30 June 2021	• Review draft financial statement for FYE 28 February 2021 • Review and approval of Audit Committee Report and Statement on Risk Management and Internal Control for Annual Report 2021 • Review of Risk Management Report
22 July 2021	• Review of First Quarter Results ended 31 May 2021
21 October 2021	• Audit Planning Presentation for FYE 28 February 2022 by Grant Thornton Malaysia PLT • Review of Internal Audit Report on Human Resource Management of Pantech Steel Industries Sdn Bhd • Review of Second Quarter Results ended 31 August 2021 • Review of Related Party Transactions of the Group – Proposed Purchase of land from C & S Realty Corporation Sdn Bhd
20 January 2022	• Review of Internal Audit Report on Human Resource Management of Pantech Stainless & Alloy Industries Sdn Bhd, Pantech Galvanising Sdn Bhd and Pantech Corporation Sdn Bhd • Review of Third Quarter Results ended 30 November 2021

1. Financial Reporting

a) The Audit Committee had reviewed all the four (4) unaudited quarterly financial results of the Group and ensured that it is in compliance with the Malaysian Financial Reporting Standards ("MFRS") and Appendix 9B of the MMLR.

b) The Audit Committee had on 30 June 2021 reviewed and made recommendation to the Board in respect of the annual Audited Financial Statements of the Group and the Company for the financial year ended 28 February 2021 to ensure that the financial statements of the Group and the Company give a true and fair view in accordance with MFRSs, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

2. Annual Reporting

The Audit Committee approved the Audit Committee Report and Statement on Risk Management & Internal Control in respect of the Annual Report 2021 to ensure compliance to the regulatory reporting requirements and recommended the same to the Board for approval.

3. External Audit

a) Deliberated on the external auditors' report at its meeting on 30 June 2021 with regards to the relevant disclosures in the annual audited financial statement for the financial year ended 28 February 2021.
b) Reviewed the external auditors' findings arising from audits, particularly comments and response in management letters in order to be satisfied that appropriate action is being taken.
c) Discussed and reviewed with the external auditors the applicability and the impact of the new accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE (CONT'D)

3. External Audit (cont'd)

d) Private sessions held with the external auditors, without the presence of the Executive Directors and management.
e) Evaluated the external auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency and reviewed the reasonableness of the proposed audit fees against the size and complexity of the Group.
f) Reviewed and evaluated the performance and effectiveness of the external auditors. The Audit Committee assessed the integrity, capability, professionalism and work ethics of the external auditors. The Audit Committee was satisfied with the external auditor's performance and therefore, the Audit Committee had recommended to the Board, the re-appointment of the external auditors at the Annual General Meeting.
g) On 21 October 2021, the Audit Committee discussed and reviewed the external auditors' Audit Plan for the financial year ended 28 February 2022 outlining the auditors' responsibilities, engagement team, significant risks and areas of audit focus, proposed scope of work, independence policies and procedures and audit fees.

4. Internal Audit

a) The Group has an in-house internal audit function and supported by an independent professional consulting firm to assist the Audit Committee in discharging their responsibilities and duties. The role of the internal audit function is to undertake independent, regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactory and effectively.

b) During the financial year ended 28 February 2022, the Audit Committee:

   i) Reviewed the Internal Audit Reports of the subsidiaries in scope and assessed the internal audits' findings, recommendations together with the Management's comments. The audit area covered was human resource management.
   ii) Reviewed the adequacy and performance of Internal Audit function and its comprehensiveness of the coverage of activities within the Group.
   iii) Reviewed and approved the Risk Management Report.
   iv) Reviewed and approved the Internal Audit Plan for the financial year ended 28 February 2022.

c) The professional fee and other cost incurred in respect of the internal audit function for the financial year ended 28 February 2022 was RM221,555.

d) The main role of the internal audit function is stated in the Statement on Risk Management and Internal Control of this Annual Report. During the financial year under review, the Internal Audit Department activities were:

   i) Presented and obtained approval from the Audit Committee the annual internal audit plan, its audit strategy and scope of audit work.

   ii) Performed audits according to the annual internal audit plan, to review the adequacy and effectiveness of the internal control system, compliance with policies and procedures and reported ineffective and inadequate controls and made recommendations to improve their effectiveness.

5. Related Party Transaction

The Audit Committee also reviewed related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

6. Review of Employees' Share Option Scheme (ESOS) Allocation

Pursuant to paragraph 8.17(2) of the Listing Requirements, the Audit Committee verified that the allocation of ESOS as at 28 February 2022 is in compliance with the criteria for allocation of options pursuant to the ESOS Bye-Laws to ensure the quantum of ESOS offered is within the approved limit and to eligible employees only.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to present this Statement on Risk Management and Internal Control ("Statement") which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance. This Statement outlines the state of risk management and internal control of the Group.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing an effective risk management and internal control system and has in place an on-going process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of business objectives and strategies during the financial year and up to the date of approval of this statement for inclusion in the Annual Report. The risk management and internal control system are designed to manage and mitigate, rather than eliminate the risk that may impede the achievement of the Group's business objectives and strategies. Due to the inherent limitations of internal controls, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board also takes into consideration the need to balance the business risks and the potential returns to stakeholders in its daily operations, with the dynamic business climate it operates in. The Board recognises the need for a concerted effort from management, head of departments and senior staff members in ensuring that the integrity, effectiveness and adequacy of the control mechanism are monitored and maintained throughout the financial year.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

During the financial year, the Group monitored significant risks and implement risk mitigation strategies on an ongoing basis through its Executive Directors, management and Risk Management Committee ("RMC") within its risk appetite.

The Board has established a Risk Management Committee ("RMC") which comprises of Executive Directors and Senior Management of the Group. Executive Directors, senior management personnel and Departmental Heads are responsible for identifying, assessing and managing the risks of their respective business units, operational units and departments. The specific business risks identified encompasses risks on finance, operations, regulatory compliance, reputation, cyber security and sustainability, including respective internal controls in place to manage the risks. For the financial year under review, a reassessment of business risks with risk mitigation and response management was conducted and the report has been submitted to the Audit Committee and the Board. Significant issues and risks identified are also discussed during Executive Group Directors Meeting and Monthly Management Meeting which are attended by Executive Directors and senior management personnel on a monthly basis.

INTERNAL AUDIT FUNCTION

The Group has an in-house internal audit function and supported by an independent professional consulting firm. The in-house internal audit function reports directly to the Audit Committee on its findings and recommendations for improvements. An internal audit plan has been submitted and approved by the Audit Committee.

For the financial year under review, the internal auditors have carried out their review according to the approved internal audit plan. The review covered the assessment on the adequacy and effectiveness of the Group's risk management and internal control system. Upon completion, the internal audit observations, recommendations and management comments were reported to the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

Total cost incurred for the internal audit function in respect of the financial year ended 28 February 2022 was RM221,555.

Statement on Risk Management and Internal Control (cont'd)

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

- Responsibilities of the Board and management are defined to ensure effective discharge of roles and responsibilities;
- The Board and the Audit Committee meet every quarter to discuss matter(s) raised by Management and/or Internal Auditor on business and operational matters including potential risks and control issues;
- The Board and Audit Committee receive feedback from the External Auditor on the risk and control issues (if any) highlighted during the course of their statutory audit;
- The Board has established and documented a Schedule of Matters Reserved for the Board to facilitate the effective reporting and operation of the Board at regular Board meeting. Major capital investment, acquisition, disposals or any other transaction that are not in the ordinary course of business exceeding a certain threshold must be referred to the Board for approval;
- Management reports to the Board on material findings and/or variances, if any, and the Board will review their implications to the Group and advise accordingly;
- Annual budgeting process is in place and performance is monitored on an ongoing basis;
- Senior Management attends management meetings on a regular basis to address budgets, operational and financial performance, business planning, control environment and other key issues;
- Key personnel from respective subsidiaries provide monthly reports to the corporate office on the subsidiaries' performance;
- Communication channels have been established between subsidiaries, business units, divisions and employees through internal memorandums, staff briefings and operational meetings to achieve the Group's overall business objectives;
- Close and active involvement of the Executive Directors on the day-to-day business operations of the Group;
- Health, Safety and Environmental Committee has been established in order to review and ensure compliance with occupational safety and health policies and procedures on a continuous basis;
- System access controls are established to ensure the information systems are duly safeguarded and secured from unauthorised access. Regular review on user access rights for the Enterprise Resource Planning Systems is also in place; and
- The Group has adopted a whistleblowing policy, providing an avenue for employees and external parties to raise concerns, in confidence, about actual or suspected misconduct, malpractice or irregularities in any matters related to the Group.
- The Group has adopted an Anti-Bribery and Corruption Policy prohibiting bribery and corruptions activities in its daily operations and dealings with stakeholders.

Statement on Risk Management and Internal Control (cont'd)

CONCLUSION

In reviewing the risk management and internal control system of the Group, the Board has, through the Audit Committee, received reports from External Auditors and Internal Auditors in relation to the findings on risk and internal control system. The Board has also received reasonable assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material respects.

No major weaknesses in the internal control system were noted that may have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The Board is of the opinion that the risk management and internal control system in place is adequate and effective at its current level of operations and will continuously strive to enhance the Group's risk management and internal control system in safeguarding stakeholders' interest, shareholders' investment and Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, this Statement has been reviewed by the external auditors for inclusion in the Annual Report for the financial year ended 28 February 2022. The review was conducted in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the risk management and internal control processes implemented by the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS ("BOARD") OF PANTECH GROUP HOLDINGS BERHAD ("PANTECH" OR "THE COMPANY") PRESENTS THIS STATEMENT TO PROVIDE SHAREHOLDERS AND INVESTORS WITH AN OVERVIEW OF THE CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 ("FY 2022").

The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guidance was drawn from Practice Note 9 of Bursa Securities' Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities with reference to the following three (3) key principles under the leadership of the Board:

Principle A	Principle B	Principle C
Board leadership and effectiveness	Effective audit and risk management	Integrity in corporate reporting and meaningful relationships with stakeholders
• Board responsibilities • Board composition • Remuneration	• Audit Committee • Risk management and internal control	• Engagement with stakeholders • Conduct of general meetings

The overview statement is to be read together with the Corporate Governance Report 2022 ("CG Report") of the Company which is available at www.pantech-group.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 BOARD'S LEADERSHIP

1.1 The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The primary role of the Board is to provide effective governance over the Group's affairs to ensure that the interests of shareholders are protected and the confidence of the investment market is maintained whilst having regard for the interests of all stakeholders including customers, employees, suppliers and local communities. The Board guides and monitors the businesses and affairs of the Company and its subsidiaries on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

i) reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
ii) overseeing the conduct of the Group's business and evaluating if its businesses are being properly managed;
iii) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
iv) ensuring that all candidates appointed to senior management positions are of sufficient caliber, including the orderly succession of senior management personnel;
v) overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
vi) reviewing the adequacy and integrity of the Group's internal control and management information systems.

The Executive Directors are responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies for the Board's review and adoption. The Independent Directors fulfil a pivotal role in corporate accountability by providing independent views, advice and judgement to enable a balanced and unbiased decision-making process in safeguarding shareholders' interest.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to examine specific issues within their respective Terms of Reference ("TOR") as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Corporate Governance Overview Statement (cont'd)

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

1.0 BOARD'S LEADERSHIP (CONT'D)

1.2 The Executive Chairman leads the Board and is responsible for the effective performance of the Board. He ensures that all relevant issues and quality information to facilitate decision-making and effective running of the Company's business are included in the meeting agenda.

The Executive Chairman had during the year:

- demonstrated leadership to the Board in discharging his duties and responsibilities effectively without limiting the principle of collective responsibility for the Board decisions;
- through the Company Secretary, set the board agenda and ensured that board members receive complete and accurate information in a timely manner;
- led the conduct of the Board meetings and discussions in a manner that encouraged constructive discussions and effective contribution from each Director;
- led the Board in establishing and monitoring good corporate governance practices within the Group;
- reviewed the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and matters arising from the minutes have been addressed properly; and
- chaired the general meetings of the Company and committed to answering queries from the shareholders.

1.3 The positions of the Executive Chairman and Group Managing Director are held by Dato' Chew Ting Leng. He implements the Group's strategies, policies and decision adopted by the Board and is supported by Dato' Goh Teoh Kean, Group Deputy Managing Director and three (3) Executive Directors. He has extensive exposure and experience in the businesses of the Group and has shown great commitment and exercised due care in managing the operations of the Group's businesses in the best interest of the shareholders. The Board believes that for its current size, it is more expedient for the two roles to be held by the same person as long as there are pertinent checks and balance to ensure no one person in the Board has unfettered powers to make major decisions for the Company unilaterally.

1.4 The Chairman of the Board is not a member of any Board Committees. However, the Chairman and other Executive Directors are invited to attend the Board Committee meetings to provide explanation and answers where appropriate.

1.5 The Board is supported by two (2) Company Secretaries who are qualified secretaries under Section 235(2)(a) of the Companies Act 2016. The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. The Constitution of the Company permits the removal of Company Secretaries by the Board. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties. The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restrictions in dealing with the securities of the Company and updates issued by the various regulatory authorities including the latest developments in the legislation and regulatory framework affecting the Group.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.

1.6 The Notice of the Board and Board Committee meetings together with all meeting materials are circulated to the Directors and Board Committee members at least five (5) business days prior to the Board Meeting via email to allow ample time for Directors to consider the relevant information unless there is an exceptional case.

The Minutes of the Board and Board Committee meetings are circulated to the respective Chairman in a timely manner for review before they are confirmed. All Board members reviewed and confirmed the minutes of meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberation on a particular matter.

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

2.0 DEMARCATION OF RESPONSIBILITIES

2.1 The Board is guided by a Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, Board Committees, individual directors and the Management and issues and decisions reserved for the Board.

The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices. The Board Charter is published at www.pantech-group.com.

2.2 The Directors have discharged their duties and responsibilities as fiduciaries in the best interests of the Company. During the FY 2022, all the Directors of the Company had attended training and development programmes to enhance their knowledge and to keep abreast of the development in the marketplace which enable them to discharge their duties effectively as Directors. The training and development programmes attended by the Directors during the financial year were as follows:

Director	Programme	Date
Dato' Chew Ting Leng	MIRA Webinar :- Reinvigorating Investor Relations In The New Normal	30 November 2021
Dato' Goh Teoh Kean	Webinar on Transfer Pricing	2 March 2021
	Bank Negara Malaysia's Virtual Briefing on Economic and Monetary Review	19 April 2021
	Webinar – Navigating Tax Audit and Investigation	20 April 2021
	Investor Relations On-Boarding Workshop	7 May 2021
	Understanding Sustainability and Climate Risks	15 October 2021, 19 November 2021, 21 January 2022 & 25 February 2022
	Fraud Risk Management Workshop	13 December 2021
	Malaysia Budget 2022	21 December 2021
Tan Ang Ang	Investor Relations On-Boarding Workshop	7 May 2021
	BEYOND 2021: South-east Asia's Uneven Recovery	9 November 2021
	MIRA Webinar :- Reinvigorating Investor Relations In The New Normal	30 November 2021
	Global Business Forum ASEAN 2021	8 – 9 December 2021
To Tai Wai	IR 4.0 Steel and BIM Adoption in Construction Industry by Malaysia Steel Institute	28 October 2021
Ng Lee Lee	Activating SDGS into Business Operations – Why is sustainability important?	4 June 2021
	IR 4.0 Steel and BIM Adoption in Construction Industry by Malaysia Steel Institute	28 October 2021

Corporate Governance Overview Statement (cont'd)

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

2.0 DEMARCATION OF RESPONSIBILITIES (CONT'D)

2.2 The Directors have discharged their duties and responsibilities as fiduciaries in the best interests of the Company. During the FY 2022, all the Directors of the Company had attended training and development programmes to enhance their knowledge and to keep abreast of the development in the marketplace which enable them to discharge their duties effectively as Directors. The training and development programmes attended by the Directors during the financial year were as follows: (cont'd)

Director	Programme	Date
Sakinah binti Salleh	Webinar Amal-Beri Untuk Kaya under Khadijah International Waqf (L) Foundation	8 March 2021
	How to Build and Position Yourself as a Thought Leader and Business Influencer on LinkedIn	10 July 2021
	CGS-COMB Thoughts Leadership Series: Turning Ideas Into Reality – In Conversation with Malek Ali, Founder of BFM 89.9 and Fi Life, moderated by Khoo Hsu Chang	8 September 2021
	Women Leadership Foundation – Unlocking Power of Evidence	14 & 15 October 2021
	BURSA – HLIB: STRATUM FOCUS SERIES XII	27 October 2021
	KL Invest Malaysia 2021 Virtual Series 2: Reviving Malaysia's Growth Engine	9 November 2021
Lim Yoong Xao	MIA – Share Buy-Back, and Dealings in Listed Securities, Closed Period and Insider Trading	16 June 2021
	MIA – Compare and Contrast Assets Accounting – PPE, IP, Inventories, Biological Assets and Financial Assets	22 October 2021
	MIA – Budget 2022: Key Tax Proposals	22 December 2021
Dato' Sri Yap Tian Leong	MACS: Effective Minutes Writing & Online Meeting	24 April 2021
	MACS: Practical Guide for the Company Secretaries	2 October 2021
	Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting	15 November 2021
Nooraini binti Mohd Yasin	WIEF-SIDC: Powertalk Webinar 2021: Post Pandemic Economic Landscape – Building Resilient Industries	7 April 2021
	COMFORI: Organizational Behaviour – Dynamic in Organizations	2 September 2021
	The Cooler Earth: Climate Action and Rethinking Value Creation: CFO's Perspective	23 September 2021
	Suruhanjaya Sekuriti Malaysia: Conversation with Audit Committees	6 December 2021
	Bursa Malaysia: Fraud Risk Management	8 December 2021
	UN Global Compact Network Malaysia & Brunei: Anti-Corruption Collective Action (AC CA) Focus Group Discussion	26 January 2022

The directors will continue to attend various training and development programmes including attending seminars, conferences and events in the relevant fields to keep themselves abreast with the latest skills and knowledge and to discharge their duties effectively.

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

2.0 DEMARCATION OF RESPONSIBILITIES (CONT'D)

2.3 The Board ordinarily meets at least four (4) times a year to review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Additional meetings will also be convened when urgent and important decisions are required to be made in between scheduled meetings.

The attendance of Directors who are members of Board Committees during the FY 2022 is set out below:

	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Dato' Chew Ting Leng	5/5	–	–	–
Dato' Goh Teoh Kean	5/5	–	–	–
Tan Ang Ang	5/5	–	–	–
To Tai Wai	5/5	–	–	–
Ng Lee Lee	5/5	–	–	–
Sakinah binti Salleh	5/5	–	–	–
Lim Yoong Xao	5/5	5/5	1/1	1/1
Dato' Sri Yap Tian Leong	5/5	5/5	1/1	1/1
Nooraini binti Mohd Yasin	5/5	5/5	1/1	1/1

Chairman

The Board is satisfied with the time commitment given by the Directors and is confident that the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company.

2.4 Activities of the NC

During the FY 2022, the NC comprised of three (3) Independent Non-Executive Directors as follows:

Name	Designation	Directorship
Dato' Sri Yap Tian Leong	Chairman	Independent Non-Executive Director
Nooraini binti Mohd Yasin	Member	Independent Non-Executive Director
Lim Yoong Xao	Member	Independent Non-Executive Director

During the FY 2022, the NC met once and performed the following activities in the discharge of its duties:

- Recommended the re-election of the directors who are to retire by rotation at the 15th AGM of the Company
- Evaluated the performance of the Board and the Board committees
- Assessed the independence of the Independent Directors of the Company
- Reviewed AC's term of office and assessed its effectiveness as a whole

Corporate Governance Overview Statement (cont'd)

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

3.0 GOOD BUSINESS CONDUCT AND HEALTHY CORPORATE CULTURE

3.1 The Board adopted the Code of Ethics and Anti-Bribery and Corruption Policy ("ABC Policy") which sets out the proper ethical behaviour expected of the Board members and the employees which includes the principles relating to legal obligations, conflict of interest, confidentiality, dealings in business, money laundering and social responsibility. A copy of the Code of Ethics and ABC Policy is available at www.pantech-group.com.

3.2 The Board has in place a Whistle Blowing Policy and serves as a platform and laid out the procedures for employees to raise genuine concerns about any suspected and/or known unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place and/or has taken place and/or may take place in the future at the earliest opportunity, without being subject to victimisation, harassment or discriminatory treatment.

The Whistle Blowing Policy sets out the protection to any reporting individual who has made the disclosure or report in good faith, the confidentiality and safeguarding in dealing with such disclosure or report, the communication channel and the procedurals flow of making the disclosure or report.

4.0 SUSTAINABILITY

4.1 The Board is ultimately responsible in managing sustainability matters in our organisation. Supported by the Sustainability Working Group, the Executive Directors oversee the sustainability efforts in place to ensure proper monitoring and reporting. Further details can be found in the Sustainability Statement in the Annual Report FY 2022.

4.2 In FY 2022, the Company continued to engage with our key stakeholders through various channels and platforms to obtain feedbacks on key areas of interest to them, gaining insights into emerging issues that are significant to both stakeholders and the organisation.

4.3 The Board through the NC will assess the training programmes to be attended by the Directors to ensure that the Directors continue to constantly keep themselves abreast on the relevant requirements and matters concerning the sustainability, including the latest development in industry as well as the sustainability issues relevant to the Group.

5.0 BOARD COMPOSITION

5.1 The NC oversees and reviews the overall composition of the Board in terms of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the Board Committees will also be assessed by the NC on an annual basis.

5.2 In FY 2022, the Board comprised of nine (9) members, consisting five (5) Executive Directors and four (4) Non-Executive Directors out of which three (3) are Independent Directors. The Board's composition is in compliance with the provisions of the Listing Requirements of Bursa Securities for independent non-executive directors to make up at least one third (1/3) of the Board membership.

5.3 None of the Independent Directors has exceeded a cumulative term of nine (9) years in the Company as of the FY 2022.

5.4 The Board has adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice.

5.5 The Board is supportive of boardroom diversity as it can offer greater depth and breadth compared to non-diverse board. The Board practices no discrimination in terms of appointment of Directors as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender.

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

5.0 BOARD COMPOSITION (CONT'D)

5.6 In searching for suitable candidates, the Board may receive suggestions from existing Board Members, Management, and major shareholders. The Board is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, expertise, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.

5.7 The performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board and Board Committee evaluations which include the independence of the Independent Non-Executive Director, if any.

5.8 The NC is chaired by Dato' Sri Yap Tian Leong, an Independent Director of the Board. The NC Chairman leads the annual review of Board effectiveness, ensuring that the performance of the Directors is assessed.

5.9 The Board recognises that a gender-diverse Board could offer greater depth and breadth whilst the diversity at key senior management would lead to better decision-making. In line with promotion of gender diversity as recommended under the Malaysian Code of Corporate Governance ("MCCG"), the Board is represented by three (3) female Directors, which is more than 30% of the Board women directors' composition requirement.

5.10 The Board does not establish any diversity policy for the Board and workforce in terms of gender, age and ethnicity or setting any target as it is of the view that appointment of directors and employees should be based strictly on merits and not driven by any nationality, racial, age or gender bias.

6.0 OVERALL EFFECTIVENESS OF THE BOARD

6.1 The Board has, through the NC, conducted the following annual assessments in FY 2022:

- Evaluation on the effectiveness of the Board as a whole and Board Committees;
- Assessment of Independent Directors; and
- Review of the term of office and performance of AC and each of its members.

Based on the outcome of the evaluation, the NC is:

- Satisfied with the effectiveness of the Board and Board Committees;
- Satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company; and
- Satisfied with the performance of the AC and each of its members.

All assessments and evaluations carried out will be documented by the Company Secretary. The results of all assessment and comments by Directors are summarised and deliberated at the NC meeting and thereafter reported to the Board.

The Board will consider engaging a professional, experienced and independent party to lend greater objectivity to the assessments as and when required.

Corporate Governance Overview Statement (cont'd)

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

7.0 LEVEL AND COMPOSITION OF REMUNERATION

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

The remuneration package for executive directors is reviewed by the RC and recommended to the Board for approval. It is then decided by the Board without the respective executive directors' participation in determining their remuneration.

Bonuses payable to executive directors are performance-based and relate to the individual and the Company's as well as Group's achievement of specific goals. The non-executive directors do not receive any performance related remuneration.

7.2 During the FY 2022, the RC comprised of three (3) members, all of whom are Independent Non-Executive Directors. The RC is chaired by Puan Nooraini binti Mohd Yasin. The TOR of RC is available at www.pantech-group.com.

8.0 REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

8.1 The breakdown of the remuneration of each individual Director for the FY 2022 are provided in the CG Report. The Board has identified our 5 Executive Directors as well as the Chief Financial Officer as the key Senior Management of the Group.

8.2 The Company is of the view that the disclosure of the detailed remuneration of each member of senior management on a named basis will not be in the best interest of the Group given the competitive human resources environment as such disclosure may give rise to talent recruitment and retention issue.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

9.0 EFFECTIVE AND INDEPENDENT AC

9.1 The AC is chaired by Mr. Lim Yoong Xao, an Independent Non-Executive Director, which is a separate person from the Chairman of the Board.

He is responsible to ensure the overall effectiveness and independence of the AC. He, together with other AC members, had ensured among others that:

- the AC is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
- the AC appropriately communicates its insights, views and concerns about relevant transactions and events to both internal and external auditors;
- the AC's concerns on matters that may have an effect on the financial or audit of the company are communicated to the external auditor; and
- there is co-ordination between internal and external auditors.

9.2 The TOR of the AC was updated on 22 July 2021 to include the recommendation of the MCCG 2021 for a former partner of the external audit firm of the Company to observe a cooling off period of at least three (3) years before being appointed as a member of the AC.

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

9.0 EFFECTIVE AND INDEPENDENT AC (CONT'D)

9.3 The AC has established policies and procedures to assess the suitability, objectivity and independence of external auditors and such assessment would be carried out annually.

During the FY 2022, the AC and the Board proposed and recommended that Grant Thornton Malaysia PLT be reappointed as the external auditors of the Company based on the credentials and resource capacity of Grant Thornton Malaysia PLT, as well as their communication with the AC. The resolution was approved by the shareholders of the Company at the 15th AGM of the Company.

Grant Thornton Malaysia PLT also provided its written assurance to the AC that they are, and have been, independent through the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants ("MIA").

9.4 The AC comprises solely of Independent Directors.

9.5 The AC members collectively possess the accounting and related financial management expertise and experience required for the AC to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices, and rules as and when required.

10.0 RISK MANAGEMENT AND INTERNAL CONTROL

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

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

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report 2022.

10.3 The Board has established a Risk Management Committee ("RMC") which comprises of Executive Directors and Senior Management of the Group. Executive Directors, senior management personnel and Departmental Heads are responsible for identifying, assessing and managing the risks of their respective business units, operational units and departments.

The specific business risks identified encompasses risks on finance, operations, regulatory compliance, reputation, cyber security and sustainability, including respective internal controls in place to manage the risks.

Significant issues and risks identified are also discussed during Executive Group Directors Meeting and Monthly Management Meeting which are attended by Executive Directors and senior management personnel.

Corporate Governance Overview Statement (cont'd)

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

11.0 EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

11.1 The Group has an in-house internal audit function and supported by an independent professional consulting firm whose work is performed with impartiality, proficiency and due professional care. The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively. The internal auditor undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. Further details on the internal audit function can be found in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report 2022.

11.2 The Group's Internal Auditor has more than 8 years of Internal Audit related working experience and currently is an Associate Member of The Institute of Internal Auditors Malaysia. The Internal Auditor is supported by Affluence Consulting, an independent professional consulting firm, whose member is a Chartered Member of the Institute of Internal Auditors with more than 17 years of Internal Audit working experience.

The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF).

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

12.0 CONTINUOUS COMMUNICATION BETWEEN THE COMPANY AND STAKEHOLDERS

12.1 The Board is committed to provide effective, transparent and regular communication with its shareholders and other stakeholders regarding the business, operations and financial performance of the Group to enable them to make informed decisions.

Through its website www.pantech-group.com and its announcements on Bursa Malaysia's website, the Group shares mandatory public announcements as well as publishes its quarterly and annual results. The quarterly financial results are announced via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

13.0 EFFECTIVE ENGAGEMENT WITH SHAREHOLDERS AT GENERAL MEETINGS

13.1 The Notice for the 15th AGM that was held on 18 August 2021 was issued on 21 July 2021 and meets the 28 days recommended notice period. This gave shareholders sufficient time to read and consider the resolutions to be resolved and enable shareholders to make an informed decision in exercising their voting rights.

13.2 The Directors of the Company including the Chair of the Audit, Nominating, Remuneration Committees attended the 15th AGM of the Company held on 18 August 2021. In view of the current COVID-19 pandemic during the FY 2021, the Company had taken the necessary precautions and preventive measures in complying with the directives issued by the Ministry of Health Malaysia and had decided to hold the AGM on a fully virtual basis. The said AGM was accessible via Vote2U at *https://web.vote2u.my* provided by Agmo Digital Solutions Sdn. Bhd. An administrative guide was issued for shareholders to understand the procedures to register, participate and vote on the online meeting platform. The stated guide also included the options for shareholders to either participate remotely or via their appointed proxy at the virtual AGM.

13.3 At its virtual 15th AGM held on 18 August 2021, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of a poll on the resolution. Participants were able to view the live streaming of the meeting, view resolution, vote and ask questions on the online meeting platform. The Company has taken necessary steps including reviewing the independent assessment report on the platform's application controls before appointing the provider to ensure there are sufficient controls in place for data security and prevent cyber threats.

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

13.0 EFFECTIVE ENGAGEMENT WITH SHAREHOLDERS AT GENERAL MEETINGS (CONT'D)

13.4 The online meeting platform has included an avenue for shareholders and proxies to post their questions. During the 15th AGM, the Chairman of the Board had invited shareholders and proxies to raise their questions on the Company's financial statements and other items for approval through the "Ask Question" section and ensured that sufficient opportunities were given to participants to pose their questions. The Chairman together with other Board members have provided adequate responses to the questions posed by participants.

13.5 The Board had ensured that the required infrastructure and tools were in placed to enable the smooth broadcast of the 15th AGM and there is meaningful engagement with the shareholders. The questions posed by the shareholders were responded by the Directors. The Board would consider questions posed by shareholders are made visible to the participants in future general meetings.

13.6 The Minutes of the 15th AGM, which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within thirty (30) business days after the 15th AGM at www.pantech-group.com.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that throughout the FY 2022, the Company has applied the principles and recommendations of the corporate governance set out in MCCG, where necessary and appropriate.

This Statement has been reviewed and approved by the Board on 14 June 2022.

ADDITIONAL COMPLIANCE STATEMENT

1. UTILISATION OF PROCEEDS

During the financial year ended 28 February 2022, there were no proceeds raised from any corporate proposal.

2. OPTIONS, WARRANTS OF CONVERTIBLE SECURITIES EXERCISED

During the financial year ended 28 February 2022, a total of 46,842,900 units of Warrants B was exercised at the conversion price of RM0.50 per unit. The Warrants B had expired on 21 December 2021.

During the financial year ended 28 February 2022, a total of 37,138,300 ESOS was exercised under the Company's ESOS as follows:

Batch No	No of ESOS exercised	Exercise Price (per unit)
1	32,957,600	RM0.415
2	3,885,600	RM0.49
3	295,100	RM0.47

3. EMPLOYEES SHARE OPTION SCHEME

The Employees' Share Option Scheme of the Company ("ESOS" or "Scheme") was implemented on 23 January 2017 and shall be in force for a duration of ten (10) years.

There is one ESOS in existence during the financial year. The total number of options granted, exercised and outstanding under the ESOS are set out in the table below:

Description		Number of Options (Since commencement of ESOS to 28 February 2022)	
		All Eligible Employees including Directors and Chief Executive	Directors and Chief Executive
(a)	Total options granted	84,621,000	13,600,000
(b)	Total options exercised	48,180,750	11,035,000
(c)	Total options outstanding	25,893,650	1,800,000

A total of 15,598,000 ESOS was granted during the financial year ended 28 February 2022.

In accordance with the Company's ESOS Bye-Laws, not more than forty per centum (40%) of the Company's ordinary shares available under the Scheme shall be allocated, in aggregate, to Directors and senior management of the Group. Since the commencement of the Scheme up to the financial year ended 28 February 2022, the Company has granted 31.61% of options to the Directors and senior management.

No ESOS was granted to the Non-Executive Directors during the financial year ended 28 February 2022. A total of 360,000 options were exercised by the Non-Executive Directors during the financial year.

Additional Compliance Statement (cont'd)

4. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS

There were no contracts relating to loan and material contracts of the Company and its subsidiaries involving the interests of the Directors or major shareholders during the financial year or since the end of the previous financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

There was no RRPT entered during the financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the requirements of the Act in Malaysia and the Main Market Listing Requirements.

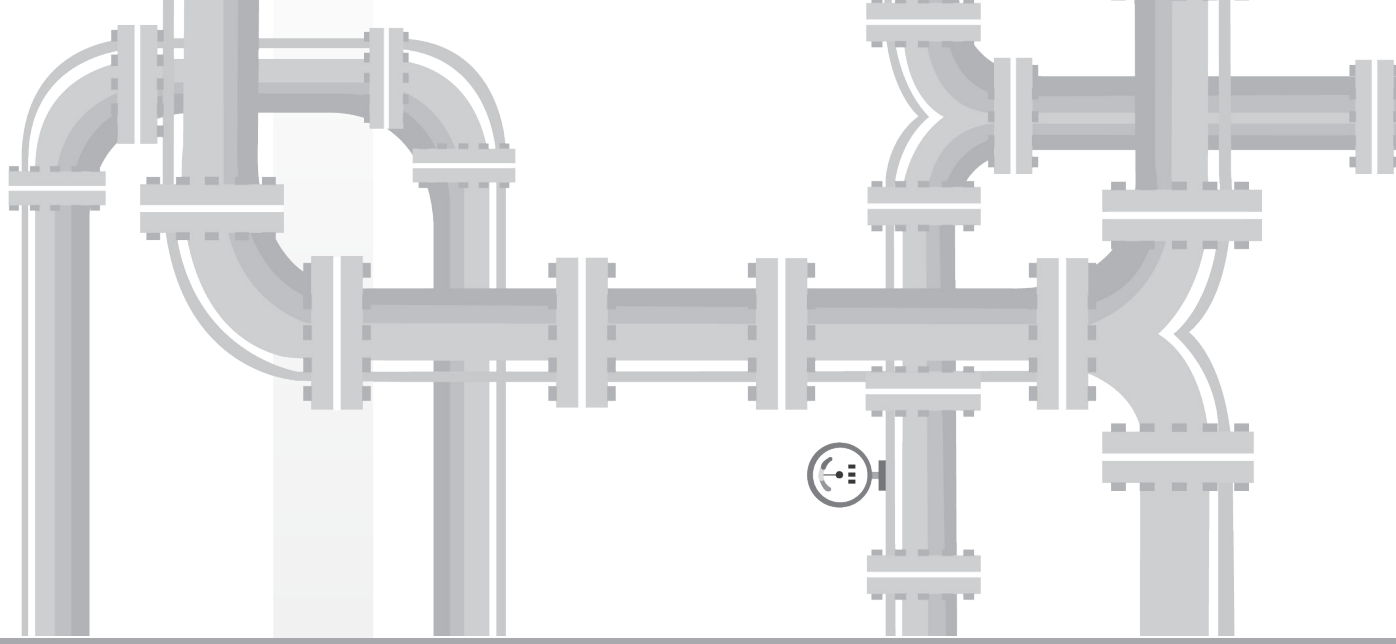
The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

(i) adopted appropriate accounting policies and applied them consistently;
(ii) made judgements and estimates that are reasonable and prudent; and
(iii) prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.



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DIRECTORS' REPORT

The Directors of Pantech Group Holdings Berhad have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 28 February 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services.

The principal activities and details of the subsidiary companies and associate company are disclosed in Notes 7 and 8 to the Financial Statements respectively.

There have been no significant changes in the nature of these activities of the Company, its subsidiary companies and associate company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	71,753,018	21,867,257
Attributable to:-		
Owners of the Company	71,753,018	21,867,257

RESERVES AND PROVISIONS

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

DIVIDENDS

The amount of dividends paid and declared since the end of the last financial year were as follows:-

	RM
Final single tier dividend of 0.50 sen per ordinary share and a special final single tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 28 February 2021 and paid on 10 September 2021.	7,675,850
First interim single tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 28 February 2022 and paid on 8 October 2021.	3,852,027
Second interim single tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 28 February 2022 and paid on 23 December 2021.	7,960,434
Third interim single tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 28 February 2022 and paid on 25 March 2022.	8,196,528

At the forthcoming Annual General Meeting, a final single tier dividend of 1.50 sen per ordinary share, in respect of the financial year ended 28 February 2022, will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the financial year ending 28 February 2023.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Dato' Chew Ting Leng (Executive Chairman/Group Managing Director)*
Dato' Goh Teoh Kean (Group Deputy Managing Director)*
Tan Ang Ang (Executive Director)*
To Tai Wai (Executive Director)*
Ng Lee Lee (Executive Director)*
Sakinah Binti Salleh (Non-Independent Non-Executive Director)
Dato' Sri Yap Tian Leong (Independent Non-Executive Director)
Lim Yoong Xao (Independent Non-Executive Director)
Nooraini Binti Mohd Yasin (Independent Non-Executive Director)

* Directors of the Company and its subsidiary company(ies).

The Directors of the subsidiary companies who held office during the financial year and up to the date of this report, not including those Directors listed above are as follows:-

Chew Soon Jiat
Freddie Chew Sun Ghee
Jairus Tan Vern Hsien
Kong Chiong Lee
Lim Soon Beng
Teo Tiong Teck
Wang Woon Chin

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares, Employee Share Option Scheme ("ESOS") and warrants of the Company and its related corporations are as follows:-

	Number of ordinary shares				
	As at 1.3.2021	Exercise of ESOS/Warrant	Acquired	(Sold)	As at 28.2.2022
Dato' Chew Ting Leng					
- direct interest	8,268,491	1,850,000	–	–	10,118,491
- deemed interest through CTL Capital Holding Sdn. Bhd.	135,620,429	6,729,000	–	–	142,349,429
- deemed interest through his daughter, Chew Zhiyin	153,015	1,005,000	–	–	1,158,015
Dato' Goh Teoh Kean					
- direct interest	6,231,321	1,950,000	–	–	8,181,321
- deemed interest through GL Management Agency Sdn. Bhd.	97,766,209	4,500,000	–	–	102,266,209
Tan Ang Ang					
- direct interest	12,550,697	1,550,000	–	(1,000,000)	13,100,697
- deemed interest through his spouse, Yong Yui Kiew	2,039,165	–	–	–	2,039,165
- deemed interest through his son, Jairus Tan Vern Hsein	–	850,000	–	(425,000)	425,000

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares, Employee Share Option Scheme ("ESOS") and warrants of the Company and its related corporations are as follows (cont'd):-

	Number of ordinary shares				
	As at 1.3.2021	Exercise of ESOS/Warrant	Acquired	(Sold)	As at 28.2.2022
To Tai Wai					
- direct interest	14,593,126	1,700,000	–	–	16,293,126
Ng Lee Lee					
- direct interest	8,909,176	2,150,000	–	(900,000)	10,159,176
- deemed interest through her spouse, Wong Chong Peng	196,637	–	–	(196,637)	–
Sakinah Binti Salleh					
- direct interest	91,809	210,000	–	–	301,809
Dato' Sri Yap Tian Leong					
- direct interest	–	150,000	–	–	150,000
Lim Yoong Xao					
- deemed interest through his spouse, Wong Hui Chin	2,040	–	–	–	2,040

	Number of ordinary shares under Employee Share Option Scheme				
	Unexercised as at 1.3.2021	Granted	(Exercised)	(Expired)	Unexercised as at 28.2.2022
Dato' Chew Ting Leng	1,700,000	–	(1,550,000)	–	150,000
- deemed interest through his daughter, Chew Zhiyin	1,100,000	200,000	(1,005,000)	–	295,000
Dato' Goh Teoh Kean	1,700,000	–	(1,550,000)	–	150,000
Tan Ang Ang	1,850,000	–	(1,550,000)	–	300,000
- deemed interest through his son, Jairus Tan Vern Hsein	1,100,000	200,000	(850,000)	–	450,000
To Tai Wai	2,000,000	–	(1,700,000)	–	300,000
Ng Lee Lee	2,300,000	–	(2,150,000)	–	150,000
Sakinah Binti Salleh	210,000	–	(210,000)	–	–
Dato' Sri Yap Tian Leong	300,000	–	(150,000)	–	150,000
Lim Yoong Xao	300,000	–	–	–	300,000
Nooraini Binti Mohd Yasin	300,000	–	–	–	300,000

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares, Employee Share Option Scheme ("ESOS") and warrants of the Company and its related corporations are as follows (cont'd):-

		Number of Warrants B (2016/2021)			
	As at 1.3.2021	(Exercised)	(Sold)	(Expired)	As at 28.2.2022
Dato' Chew Ting Leng					
- direct interest	459,045	(300,000)	(150,000)	(9,045)	–
- deemed interest through CTL Capital Holding Sdn. Bhd.	11,079,014	(6,729,000)	(4,349,570)	(444)	–
Dato' Goh Teoh Kean					
- direct interest	459,045	(400,000)	(59,045)	–	–
- deemed interest through GL Management Agency Sdn. Bhd.	7,986,651	(4,500,000)	(3,486,651)	–	–
Tan Ang Ang					
- direct interest	59	–	–	(59)	–
- deemed interest through his spouse, Yong Yui Kiew	82	–	–	(82)	–
To Tai Wai					
- direct interest	884,406	–	(884,406)	–	–
Ng Lee Lee					
- direct interest	727,802	–	(727,802)	–	–
- deemed interest through her spouse, Wong Chong Peng	16,063	–	(16,063)	–	–

Except as disclosed, none of the Directors of the Company, who were Directors at the end of the financial year, held any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire any benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees Share Option Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 35 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed in Notes 30 and 33 to the Financial Statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of insurance premium paid for the Directors and Officers of the Company is RM30,600. No other indemnity coverage paid for Directors and Officers of the Company during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the Company had increased its issued and fully paid-up ordinary share capital from RM210,312,047 to RM258,891,721 by way of:-

(a) 32,957,600 new ordinary shares arising from the exercise of employee's share option (Batch 1) at an exercise price of RM0.415 per ordinary share;
(b) 3,885,600 new ordinary shares arising from the exercise of employee's share option (Batch 2) at an exercise price of RM0.490 per ordinary share;
(c) 295,100 new ordinary shares arising from the exercise of employee's share option (Batch 3) at an exercise price of RM0.470 per ordinary share;
(d) 46,842,900 new ordinary shares arising from the exercise of warrants at a conversion price of RM0.50 per ordinary share.

All the new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.

TREASURY SHARES

The shareholders of the Company, through the Annual General Meeting held on 21 August 2008, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in every Annual General Meeting held and it was last renewed in the Annual General Meeting held on 18 August 2021. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year ended 28 February 2022, the Company repurchased 11,411,200 ordinary shares of its issued share capital from the open market. The average price paid for the repurchased shares was RM0.51 per share. The repurchased transactions were financed by internally generated funds. These repurchased shares were held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act, 2016.

The Company has the right to cancel, resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased had been sold as at the reporting date.

As at financial year end, the number of ordinary shares issued and fully paid-up after deducting treasury shares against equity is 819,652,779 ordinary shares.

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 issuance of options pursuant to the Employee Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 2 December 2016, the Company's shareholders approved the establishment of an ESOS of not more than 10% of the issued and paid-up share capital of the Company (excluding treasury shares) to eligible Directors and employees of the Group.

The salient features and other terms of the ESOS are disclosed in the Note 34 to the Financial Statements.

WARRANTS

The salient features of the Warrants are disclosed in Note 23 to the Financial Statements.

Details of Warrants issued to the Directors are disclosed in the Directors' Interest section of this report.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records had 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:-

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability 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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

Directors' Report (cont'd)

AUDITORS' REMUNERATION

Auditors' remuneration for the Group and the Company is as follows:-

	Group RM	Company RM
Grant Thornton Malaysia PLT		
- current year	202,000	20,000
Other services	75,750	26,200
	277,750	46,200

To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 28 February 2022.

SIGNIFICANT EVENT

Significant event is disclosed in Note 43 to the Financial Statements.

AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

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

.....)
DATO' CHEW TING LENG)
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) DIRECTORS
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.....)
DATO' GOH TEOH KEAN)

Johor Bahru
14 June 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 68 to 168 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 at 28 February 2022 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 Board of Directors.

.....
DATO' CHEW TING LENG

.....
DATO' GOH TEOH KEAN

Johor Bahru
14 June 2022

STATUTORY DECLARATION

I, Wang Woon Chin, being the Officer primarily responsible for the financial management of Pantech Group Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 68 to 168 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Johor Bahru in the)
State of Johor this day of)
14 June 2022)

.....
WANG WOON CHIN
(MIA No. 19232)

Before me:

VASANTHI A/P VADIVELOO
NO. J258
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PANTECH GROUP HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pantech Group Holdings Berhad ("the Company"), which comprise the statements of financial position as at 28 February 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 168.

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 28 February 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements section* of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment on doubtful receivables

The risk
Referring to Note 40(c) to the Financial Statements. We focused on this area because the Group has trade receivables that are past due but not impaired. The key associate risk was the recoverability of billed trade receivables as management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response
We have obtained an understanding of the Group's policy on impairment of trade receivables and evaluated management's judgement in calculating the allowance for impairment of trade receivables. This includes reviewing the ageing of receivables and testing the integrity of ageing by calculating the due date for a sample of invoices. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts and tested the operating effectiveness of the relevant policies and control procedures that management has in place.

The basis of management's judgement over the recoverability of billed trade receivables are disclosed in Notes 3.9 and 40(c) to the Financial Statements.

Independent Auditors' Report (cont'd)

Key Audit Matters (cont'd)

Inventory valuation

The risk
Refer to Note 12 to the Financial Statements. The Group's inventories is subject to a risk that the inventories become slow-moving or obsolete and rendering it not saleable or can only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation involved in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to risks of inventory prices not valid and inventory not stated at the lower of cost or market.

Our response
We have obtained an understanding on the Group's accounting policy in making the accounting estimates for inventories write-down. We have also attended the year-end physical inventories count to validate counts performed by the Group. Besides that, we also tested a sample of inventories to ensure that they were held at the lower of cost and net realisable value. We have also evaluated management judgement and Group's accounting policy with regards to the application of provision to the inventories.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Independent Auditors' Report (cont'd)

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

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

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

Independent Auditors' Report (cont'd)

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 7 to the Financial Statements.

Other Matters

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

MOHAMAD HEIZRIN BIN SUKIMAN
(NO: 03046/05/2023 J))
CHARTERED ACCOUNTANT

Johor Bahru
14 June 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non–current asset					
Property, plant and equipment	4	321,197,797	330,780,509	–	–
Capital work-in-progress	5	13,537,174	10,086,372	–	–
Investment properties	6	11,800,000	6,300,000	–	–
Investment in subsidiary companies	7	–	–	252,310,458	252,310,458
Investment in an associate company	8	2,585,098	2,761,448	–	–
Other investment	9	438,000	–	–	–
Goodwill on acquisition	10	–	–	–	–
Deferred tax assets	11	3,200	3,200	–	–
Total non-current assets		349,561,269	349,931,529	252,310,458	252,310,458
Current assets					
Inventories	12	400,832,436	289,084,345	–	–
Trade receivables	13	206,638,758	94,772,927	–	–
Other receivables	14	22,427,851	10,812,292	71,849	18,639
Amount due from subsidiary companies	7	–	–	34,235	29,655
Amount due from an associate company	8	8,790,172	23,825,857	–	–
Derivatives financial instruments	15	–	5,748	–	6,615
Tax recoverable		536,011	1,057,495	–	–
Fixed deposits with licensed banks	16	2,692,726	2,665,406	–	–
Cash and bank balances	17	178,586,601	135,050,792	34,874,555	3,030,593
Total current assets		820,504,555	557,274,862	34,980,639	3,085,502
Total assets		1,170,065,824	907,206,391	287,291,097	255,395,960
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	258,891,721	210,312,047	258,891,721	210,312,047
Treasury shares	19	(7,590,553)	(1,771,714)	(7,590,553)	(1,771,714)
Revaluation reserve	20	59,758,918	60,665,904	–	–
Employees share option reserve	21	1,894,101	4,949,236	1,894,101	4,949,236
Cash flow hedge reserve	22	–	6,615	–	6,615
Warrants reserve	23	–	7,294,493	–	7,294,493
Exchange translation reserve		11,275,773	9,704,548	–	–
Share application money		28,820	–	28,820	–
Unappropriated profit		429,910,770	383,262,258	25,406,647	29,550,882
Total equity		754,169,550	674,423,387	278,630,736	250,341,559

Statements of Financial Position (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	24	9,280,323	10,300,545	–	–
Borrowings	25	32,504,388	41,538,607	–	–
Deferred tax liabilities	26	23,949,044	14,620,469	–	–
Total non-current liabilities		65,733,755	66,459,621	–	–
Current liabilities					
Trade payables	27	123,837,528	20,329,963	–	–
Other payables	28	26,152,243	14,393,737	243,382	501,973
Derivatives financial instruments	15	3,940	–	–	–
Lease liabilities	24	2,277,982	3,025,026	–	–
Borrowings	25	187,479,450	121,475,959	–	514,318
Dividend payable		8,196,528	3,753,271	8,196,528	3,753,271
Tax payable		2,214,848	3,345,427	220,451	284,839
Total current liabilities		350,162,519	166,323,383	8,660,361	5,054,401
Total liabilities		415,896,274	232,783,004	8,660,361	5,054,401
Total equity and liabilities		1,170,065,824	907,206,391	287,291,097	255,395,960

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	29	751,478,771	486,257,616	26,338,630	27,196,948
Cost of sales		(566,125,070)	(376,166,727)	–	–
Gross profit		185,353,701	110,090,889	26,338,630	27,196,948
Other income		5,265,168	4,073,841	9,081	3,160
Finance income		1,572,550	1,100,783	201,093	16,267
Selling and distribution expenses		(30,813,030)	(16,301,231)	–	–
Administration expenses		(57,349,443)	(50,833,451)	(3,931,790)	(3,711,116)
Finance costs		(6,723,130)	(6,837,878)	(2,917)	(101,598)
Other expenses		(440,407)	(2,448,350)	(1,051)	–
Reversal of allowance for impairment/ (Allowance for impairment) on receivables	13, 14	53,398	(1,579,906)	–	–
Impairment of goodwill	10	–	(1,194,131)	–	–
Profit from operations		96,918,807	36,070,566	22,613,046	23,403,661
Share of loss in associate company		(176,350)	(57,828)	–	–
Profit before tax	30	96,742,457	36,012,738	22,613,046	23,403,661
Tax expense	31	(24,989,439)	(9,545,094)	(745,789)	(891,422)
Profit for the financial year		71,753,018	26,467,644	21,867,257	22,512,239
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Realisation of revaluation reserve upon depreciation of revalued assets		906,986	1,083,837	–	–
Transfer of revaluation reserve to unappropriated profit		(906,986)	(1,083,837)	–	–
		–	–	–	–

Statements of Profit or Loss and Other Comprehensive Income (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Items that may be reclassified subsequently to profit or loss					
Fair value loss on cash flow hedge		(6,615)	(88,778)	(6,615)	(88,778)
Foreign currency translation differences for foreign operations, net of tax		1,571,225	1,602,312	–	–
		1,564,610	1,513,534	(6,615)	(88,778)
Other comprehensive income/(loss) for the financial year, net of tax		1,564,610	1,513,534	(6,615)	(88,778)
Total comprehensive income for the financial year		73,317,628	27,981,178	21,860,642	22,423,461
Profit attributable to:-					
Owners of the Company		71,753,018	26,467,644	21,867,257	22,512,239
Non-controlling interest		–	–	–	–
Profit for the financial year		71,753,018	26,467,644	21,867,257	22,512,239
Total comprehensive income attributable to:-					
Owners of the Company		73,317,628	27,981,178	21,860,642	22,423,461
Non-controlling interest		–	–	–	–
Total comprehensive income for the financial year		73,317,628	27,981,178	21,860,642	22,423,461
Earnings per share attributable to owners of the Company					
Earnings per ordinary share					
- Basic (sen)	32	9.23	3.55	–	–
- Diluted (sen)	32	9.15	3.53	–	–

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Attributable to owners of the Company											
	Non-distributable								Distributable			
	Share capital RM	Treasury shares RM	Revaluation reserve RM	Employees share option reserve RM	Cash flow hedge reserve RM	Warrants reserve RM	Exchange translation reserve RM	Share application money RM	Unappropriated profit RM	Total RM	Non-controlling interest RM	Total equity RM
Group												
Balance at 1 March 2020	209,919,921	(892,115)	61,749,741	4,297,911	95,393	14,748,618	8,102,236	–	360,865,640	658,887,345	–	658,887,345
Transactions with owners:-												
Share option granted under ESOS	–	–	–	725,825	–	–	–	–	–	725,825	–	725,825
Exercise of ESOS	383,260	–	–	(74,500)	–	–	–	–	–	308,760	–	308,760
Issuance of shares pursuant to exercise of warrants	8,866	–	–	–	–	(1,266)	–	–	–	7,600	–	7,600
Expiration of warrants	–	–	–	–	–	(7,452,859)	–	–	7,452,859	–	–	–
Acquisition of treasury shares	–	(3,748,652)	–	–	–	–	–	–	–	(3,748,652)	–	(3,748,652)
Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares for the financial year ended 29 February 2020	–	2,869,053	–	–	–	–	–	–	(2,869,053)	–	–	–
First interim single tier dividend of 0.30 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	–	–	(2,250,437)	(2,250,437)	–	(2,250,437)
Second interim single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	–	–	(3,734,961)	(3,734,961)	–	(3,734,961)
Third interim single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	–	–	(3,753,271)	(3,753,271)	–	(3,753,271)
Total transactions with owners	392,126	(879,599)	–	651,325	–	(7,454,125)	–	–	(5,154,863)	(12,445,136)	–	(12,445,136)
Profit for the financial year	–	–	–	–	–	–	–	–	26,467,644	26,467,644	–	26,467,644
Other comprehensive income for the financial year	–	–	(1,083,837)	–	(88,778)	–	1,602,312	–	1,083,837	1,513,534	–	1,513,534
Total comprehensive income for the financial year	–	–	(1,083,837)	–	(88,778)	–	1,602,312	–	27,551,481	27,981,178	–	27,981,178
Balance at 28 February 2021	210,312,047	(1,771,714)	60,665,904	4,949,236	6,615	7,294,493	9,704,548	–	383,262,258	674,423,387	–	674,423,387

Statements of Changes in Equity (cont'd)

	Attributable to owners of the Company											
	Non-distributable								Distributable			
	Share capital RM	Treasury shares RM	Revaluation reserve RM	Employees share option reserve RM	Cash flow hedge reserve RM	Warrants reserve RM	Exchange translation reserve RM	Share application money RM	Unappropriated profit RM	Total RM	Non-controlling interest RM	Total equity RM
Group (cont'd)												
Balance at 1 March 2021	210,312,047	(1,771,714)	60,665,904	4,949,236	6,615	7,294,493	9,704,548	–	383,262,258	674,423,387	–	674,423,387
Transactions with owners:-												
Share option granted under ESOS	–	–	–	761,896	–	–	–	–	–	761,896	–	761,896
Exercise of ESOS	19,537,076	–	–	(3,817,031)	–	–	–	–	–	15,720,045	–	15,720,045
Issuance of shares pursuant to exercise of warrants	29,042,598	–	–	–	–	(5,621,146)	–	–	–	23,421,452	–	23,421,452
Expiration of warrants	–	–	–	–	–	(1,673,347)	–	–	1,673,347	–	–	–
Acquisition of treasury shares	–	(5,818,839)	–	–	–	–	–	–	–	(5,818,839)	–	(5,818,839)
Shares pending allotment	–	–	–	–	–	–	–	28,820	–	28,820	–	28,820
Final single tier dividend of 0.50 sen per ordinary share and a special final single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	–	–	(7,675,850)	(7,675,850)	–	(7,675,850)
First interim single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2022	–	–	–	–	–	–	–	–	(3,852,027)	(3,852,027)	–	(3,852,027)
Second interim single tier dividend of 1.00 sen per ordinary share for the financial year ended 28 February 2022	–	–	–	–	–	–	–	–	(7,960,434)	(7,960,434)	–	(7,960,434)
Third interim single tier dividend of 1.00 sen per ordinary share for the financial year ended 28 February 2022	–	–	–	–	–	–	–	–	(8,196,528)	(8,196,528)	–	(8,196,528)
Total transactions with owners	48,579,674	(5,818,839)	-	(3,055,135)	–	(7,294,493)	–	28,820	(26,011,492)	6,428,535	–	6,428,535
Profit for the financial year	–	–	–	–	-	–	–	–	71,753,018	71,753,018	–	71,753,018
Other comprehensive income for the financial year	–	–	(906,986)	–	(6,615)	–	1,571,225	–	906,986	1,564,610	–	1,564,610
Total comprehensive income for the financial year	–	–	(906,986)	–	(6,615)	–	1,571,225	–	72,660,004	73,317,628	–	73,317,628
Balance at 28 February 2022	258,891,721	(7,590,553)	59,758,918	1,894,101	–	–	11,275,773	28,820	429,910,770	754,169,550	–	754,169,550

Statements of Changes in Equity (cont'd)

	Non-distributable						Distributable	
	Share capital RM	Treasury shares RM	Employees share option reserve RM	Cash flow hedge reserve RM	Warrants reserve RM	Share application money RM	Unappropriated profit RM	Total equity RM
Company								
Balance at 1 March 2020	209,919,921	(892,115)	4,297,911	95,393	14,748,618	–	12,193,506	240,363,234
Transactions with owners:-								
Share option granted under ESOS	–	–	725,825	–	–	–	–	725,825
Exercise of ESOS	383,260	–	(74,500)	–	–	–	–	308,760
Issuance of shares pursuant to exercise of warrants	8,866	–	–	–	(1,266)	–	–	7,600
Expiration of warrants	–	–	–	–	(7,452,859)	–	7,452,859	–
Acquisition of treasury shares	–	(3,748,652)	–	–	–	–	–	(3,748,652)
Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares for the financial year ended 29 February 2020	–	2,869,053	–	–	–	–	(2,869,053)	–
Final interim single tier dividend of 0.30 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	(2,250,437)	(2,250,437)
Second interim single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	(3,734,961)	(3,734,961)
Third interim single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	(3,753,271)	(3,753,271)
Total transactions with owners	392,126	(879,599)	651,325	–	(7,454,125)	–	(5,154,863)	(12,445,136)
Profit for the financial year	–	–	–	–	–	–	22,512,239	22,512,239
Other comprehensive income for the financial year	–	–	–	(88,778)	–	–	–	(88,778)
Total comprehensive income for the financial year	–	–	–	(88,778)	–	–	22,512,239	22,423,461
Balance at 28 February 2021	210,312,047	(1,771,714)	4,949,236	6,615	7,294,493	–	29,550,882	250,341,559

	Non-distributable						Distributable	
	Share capital RM	Treasury shares RM	Employees share option reserve RM	Cash flow hedge reserve RM	Warrants reserve RM	Share application money RM	Unappropriated profit RM	Total equity RM
Company (cont'd)								
Balance at 1 March 2021	210,312,047	(1,771,714)	4,949,236	6,615	7,294,493	–	29,550,882	250,341,559
Transactions with owners:-								
Share option granted under ESOS	–	–	761,896	–	–	–	–	761,896
Exercise of ESOS	19,537,076	–	(3,817,031)	–	–	–	–	15,720,045
Issuance of shares pursuant to execise of warrants	29,042,598	–	–	–	(5,621,146)	–	–	23,421,452
Expiration of warrants	–	–	–	–	(1,673,347)	–	1,673,347	–
Acquisition of treasury shares	–	(5,818,839)	–	–	–	–	–	(5,818,839)
Shares pending allotment	–	–	–	–	–	28,820	–	28,820
Final single tier dividend of 0.50 sen per ordinary share and a special final single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2021	–	–	–	–	–	–	(7,675,850)	(7,675,850)
First interim single tier dividend of 0.50 sen per ordinary share for the financial year ended 28 February 2022	–	–	–	–	–	–	(3,852,027)	(3,852,027)
Second interim single tier dividend of 1.00 sen per ordinary share for the financial year ended 28 February 2022	–	–	–	–	–	–	(7,960,434)	(7,960,434)
Third interim single tier dividend of 1.00 sen per ordinary share for the financial year ended 28 February 2022	–	–	–	–	–	–	(8,196,528)	(8,196,528)
Total transactions with owners	48,579,674	(5,818,839)	(3,055,135)	–	(7,294,493)	28,820	(26,011,492)	6,428,535
Profit for the financial year	–	–	–	–	–	–	21,867,257	21,867,257
Other comprehensive income for the financial year	–	–	–	(6,615)	–	–	–	(6,615)
Total comprehensive income for the financial year	–	–	–	(6,615)	–	–	21,867,257	21,860,642
Balance at 28 February 2022	258,891,721	(7,590,553)	1,894,101	–	–	28,820	25,406,647	278,630,736

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
OPERATING ACTIVITIES					
Profit before tax		96,742,457	36,012,738	22,613,046	23,403,661
Adjustments for:-					
Allowance for impairment of receivables		2,203,069	3,954,174	–	–
Allowance for impairment of receivables no longer required		(2,256,467)	(2,374,268)	–	–
Inventories written down		933,464	832,738	–	–
Depreciation of property, plant and equipment		15,719,700	15,569,965	–	–
Depreciation of right-of-use assets		3,521,726	3,678,525	–	–
Interest expense		4,654,929	5,557,599	2,161	101,215
Lease liabilities interest expense		684,807	727,703	–	–
Property, plant and equipment written off		10,276	2,291	–	–
Reversal of inventories written down		(651,374)	(548,827)	–	–
Employees Share Option Scheme expenses		761,896	725,825	761,896	725,825
Interest income		(1,572,550)	(1,100,783)	(201,093)	(16,267)
Share of loss from associate company		176,350	57,828	–	-
Dividend income		–	–	(23,000,200)	(23,129,900)
Gain on disposal of property, plant and equipment		(72,612)	(61,000)	–	–
Fair value loss on derivative financial instrument		3,073	867	–	–
Fair value gain on other investment		(39,000)	-	–	–
Impairment of goodwill		–	1,194,131	–	–
Gain on early termination of lease liabilities		–	(153)	–	–
Unrealised loss on foreign exchange		80,834	254,639	–	–
Operating profit before working capital changes		120,900,578	64,483,992	175,810	1,084,534
Changes in working capital:-					
Inventories		(112,030,181)	15,886,065	–	–
Receivables		(123,402,363)	16,611,000	(57,790)	(780)
Payables		115,334,609	(3,563,554)	(258,592)	136,658
Associate company		15,132,253	11,741,865	–	–
Cash flows from/(used in) operations		15,934,896	105,159,368	(140,572)	1,220,412
Tax refunded		98,074	–	–	–
Tax paid		(16,408,079)	(7,992,835)	(810,176)	(862,128)
Net cash flows (used in)/from operating activities		(375,109)	97,166,533	(950,748)	358,284

Statements of Cash Flows (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
INVESTING ACTIVITIES					
Acquisition of an investment property		(5,500,000)	–	–	–
Dividend received		–	–	23,000,200	23,129,900
Interest received		1,572,550	1,100,783	201,093	16,267
Purchase of property, plant and equipment	A	(7,699,045)	(4,321,247)	–	–
Proceeds from disposal of property, plant and equipment		218,376	119,493	–	–
Investment in other investment		(399,000)	–	–	–
Investment in subsidiary companies		–	–	–	(7,450,000)
Capital work-in-progress incurred		(4,161,486)	(9,871,827)	–	–
Net cash flows (used in)/from investing activities		(15,968,605)	(12,972,798)	23,201,293	15,696,167
FINANCING ACTIVITIES					
Dividend paid		(23,241,582)	(9,702,841)	(23,241,582)	(9,702,841)
Proceeds from lease liabilities		–	1,465,137	–	–
Proceeds from issuance of share capital		39,170,317	316,360	39,170,317	316,360
Purchase of treasury shares		(5,818,839)	(3,748,652)	(5,818,839)	(3,748,652)
Interest paid		(4,654,929)	(5,557,599)	(2,161)	(101,215)
Lease liabilities interest paid		(684,807)	(727,703)	–	–
Repayment of lease liabilities		(3,231,066)	(3,078,053)	–	–
Loan from subsidiary companies		–	–	–	2,320,000
Repayment of loan from subsidiary companies		–	–	–	(2,320,000)
Drawndown of short-term borrowings		299,002,727	202,444,506	–	–
Repayment of short-term borrowings		(233,392,407)	(210,937,622)	–	–
Repayment of term loans		(16,040,635)	(11,885,787)	(514,318)	(2,057,510)
Drawndown of term loans		7,173,066	5,119,199	–	–
Net cash flows from/(used in) financing activities		58,281,845	(36,293,055)	9,593,417	(15,293,858)
CASH AND CASH EQUIVALENTS					
Net changes		41,938,131	47,900,680	31,843,962	760,593
Effect of exchange rate changes		1,624,998	1,114,137	–	–
At beginning of financial year		137,716,198	88,701,381	3,030,593	2,270,000
At end of financial year	B	181,279,327	137,716,198	34,874,555	3,030,593

Statements of Cash Flows (cont'd)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Acquired by means of finance lease arrangements	1,463,800	1,216,300	–	–
Addition to right-of-use in exchange for increased lease liabilities	–	102,508	–	–
Cash payments	7,699,045	4,321,247	–	–
	9,162,845	5,640,055	–	–

B. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	178,586,601	135,050,792	34,874,555	3,030,593
Fixed deposits with licensed banks	2,692,726	2,665,406	–	–
	181,279,327	137,716,198	34,874,555	3,030,593

C. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group	
	2022 RM	2021 RM
Included in net cash from operating activities		
- Payment relating to short-term leases and low-value assets	608,489	573,128
Included in net cash used in financing activities		
- Interest paid in relation to lease liabilities	684,807	727,703
- Payment of principal portion of lease liabilities	3,231,066	3,078,053
	4,524,362	4,378,884

Statements of Cash Flows (cont'd)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

Reconciliation of liabilities arising from financing activities

Group

	Lease liabilities RM	Term loans RM	Short-term borrowings RM	Total RM
At 1 March 2020	13,622,684	64,465,761	113,818,108	191,906,553
Additions	1,318,808	5,119,199	202,444,506	208,882,513
Additions through refinancing	1,465,137	–	–	1,465,137
Repayment	(3,078,053)	(11,885,787)	(210,937,622)	(225,901,462)
Early termination	(3,456)	–	–	(3,456)
Foreign exchange movement	451	–	(9,599)	(9,148)
At 28 February 2021/1 March 2021	13,325,571	57,699,173	105,315,393	176,340,137
Additions	1,463,800	7,173,066	299,002,727	307,639,593
Repayment	(3,231,066)	(16,040,635)	(233,392,407)	(252,664,108)
Foreign exchange movement	–	–	226,521	226,521
At 28 February 2022	11,558,305	48,831,604	171,152,234	231,542,143

Company

	Term loan RM
At 1 March 2020	2,571,828
Repayment	(2,057,510)
At 28 February 2021/1 March 2021	514,318
Repayment	(514,318)
At 28 February 2022	–

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

NOTES TO THE FINANCIAL STATEMENTS
- 28 FEBRUARY 2022

1. GENERAL INFORMATION

The Company is principally engaged in investment holding and provision of management services.

The principal activities of the subsidiary companies and associate company are disclosed in Notes 7 and 8 to the Financial Statements respectively.

There have been no significant changes in the nature of these activities of the Company, its subsidiary companies and associate company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 5-9A, The Boulevard Office, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at PTD 204334, Jalan Platinum Utama, Kawasan Perindustrian Pasir Gudang, Zon 12B, 81700 Pasir Gudang, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 June 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, except for land and buildings and financial instruments that are measured at revalued amount or fair value respectively as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs

2.4.1 Adoption of New or Revised MFRSs

The Group and the Company have applied the following amendments to published standards approved by Malaysian Accounting Standards Board ("MASB") for the first time for the financial year beginning on 1 March 2021:-

- Amendments to MFRS 16 Leases - *Covid-19-Related Rent Concessions*
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4* and MFRS 16 – *Interest Rate Benchmark Reform – Phase 2*
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use

The adoption of the above amendments to published standards did not have any material impact on the current and prior year financial statements of the Group and of the Company.

2.4.2 Standards Issued But Not Yet Effective

The following are MFRSs, Amendments to MFRSs and IC Interpretations with effective dates on or after 1 April 2021 issued by the MASB and they have not been early adopted by the Group and the Company. The Group and the Company intend to adopt these new standards, amendments to the published standards and interpretations, if applicable, when they become effective.

(a) Amendments effective for financial period beginning on or after 1 April 2021

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

(b) Amendments effective for financial period beginning on or after 1 January 2022

- *Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework*
- *Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to MFRSs contained in the document entitled – Annual improvements to MFRS Standards 2018-2020*

(c) MFRS and amendments effective for financial period beginning on or after 1 January 2023

- *MFRS 17 Insurance Contracts**
- *Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9**
- *Amendments to MFRS 17 Insurance Contracts**
- *Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- *Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies*
- *Amendments to MFRS 108 Accounting Policies - Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- *Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

(d) Amendments effective for 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**

* Not applicable to the Group's and the Company's operations

The initial application of these MFRSs, amendments to the published standards and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.5.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

The management estimates the useful lives of the property, plant and equipment other than right-of-use assets to be within 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. At 28 February 2022, the management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in Note 4 to the Financial Statements. Actual results, however, may vary due to change in the expected level of usage and technological developments, which result in adjustment to the Group's assets.

The management anticipate that the expected useful lives of the property, plant and equipment other than right-of-use assets would not have material difference from their estimates and hence it would not result in material variance in the Group's profit for the financial year.

Impairment of inventories

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to valuation of inventories.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 12 to the Financial Statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Provision for expected credit losses ("ECLs") for trade receivables

The Group undergoes a specific review of its trade receivables through an analysis of the customers' credit risk and the ageing of the trade receivables balances. Further details of how the credit risk is determined and managed is described in Note 40(c) to the Financial Statements.

The information about the ECLs on the Group's trade receivables is disclosed in Note 13 to the Financial Statements.

Impairment of property, plant and equipment and right-of-use assets

The Group carries out impairment tests based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment and right-of-use assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 10 to the Financial Statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Income taxes/Deferred tax liabilities

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Employees share option

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 34 to the Financial Statements.

Fair value measurement and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting. Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the assets and liabilities. Where Level 1 inputs are not available, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date. For the valuation of land and buildings, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the Notes 4 and 6 to the Financial Statements respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for Group that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.2 Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Company. Control exists when the Group 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. Besides, the Group 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.

Investment in subsidiary companies is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.4 Loss of control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of the equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, 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 an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Associate company

An associate company is an entity in which the Group has significant influence, but no control, over its financial and operating policies.

The Group's investment in associate company is accounted for using the equity method. Under the equity method, investment in an associate company is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate company. Goodwill relating to the associate company is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate company is reflected in profit or loss. This is the profit attributable to equity holders of the associate company and therefore is the profit after tax and non-controlling interests in the associate company. When the Group's share of losses exceeds its interest in an associate company, the carrying amount of that interest including any long-term investment 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 company.

Where there has been a change recognised directly in the equity of an associate company, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The financial statements of the associate company are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associate company in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate company. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate company and their carrying value and recognise the amount in the "share of profit of associates" in profit or loss.

Upon loss of significant influence over an associate company, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associate company is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at market value, based on valuations by external valuers, less subsequent depreciation and any impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Revaluation is made at least once in every five years based on valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised valuation surplus in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to unappropriated profit.

Depreciation is provided on the straight-line method in order to write off the cost of each asset over its estimated useful life. No depreciation is provided on freehold land.

The principal annual depreciation rates used are as follows (other than right-of-use assets):-

Buildings	2.00% - 5.50%
Renovation and electrical installation	10.00% - 33.33%
Crane, machinery, equipment, furniture and fittings	7.00% - 33.33%
Forklift and motor vehicles	20.00% - 25.00%

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year in which the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leased assets

The Group as lessee

For any new contracts entered into on or after 1 March 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:-

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial recognition, right-of-use asset with the exception of land, are measured at cost less accumulated depreciation and accumulated impairment losses.

The Group depreciates the right-of-use assets on a straight-line basis from the lease 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

Leasehold land is shown at market value provided by independent professional valuers on an open market basis, less subsequent accumulated depreciation and impairment losses. Land and buildings are revalued when indicators of material changes in value exits or at interval of not more than 5 years. Any revaluation increase is credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increase of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit or loss and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings. Upon disposal of revalued assets, the attributable revaluation surplus remaining in revaluation reserve is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leased assets (cont'd)

The Group as lessee (cont'd)

Measurement and recognition of leases as a lessee (cont'd)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

	Estimated useful lives
Leasehold land	20 – 88 years
Buildings	2 years
Crane, machinery, equipment, furniture and fittings	5 – 14 years
Forklift and motor vehicles	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section 3.10 Impairment of non-financial assets.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statements of financial position, right-of-use assets have been included in property, plant and equipment.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as lessor

The accounting policy under MFRS 16 has not changed from the previous accounting policy under MFRS 17 for lessor accounting.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied by the Group or only an insignificant portion is occupied for use in the operations of the Group. Investment properties are treated as long-term investments and are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the financial year of retirement or disposal.

3.5 Goodwill/Negative goodwill

Goodwill/(Negative goodwill) represents the excess/(deficit) of the cost of acquisition of subsidiary company acquired over the Group's share of the fair values of their separable net assets at the date of acquisition.

The goodwill is retained in the consolidated statement of financial position and subject to annual impairment review. The negative goodwill is credited immediately to profit or loss as it arises.

3.6 Inventories

Inventories comprising of raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

The costs of inventories are determined on weighted average method.

Cost of trading finished goods and raw materials refers to invoiced cost of goods purchased plus incidental handling and freight charges.

Cost of work-in-progress and finished goods include raw materials, direct labour, other direct costs and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency.

3.7.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.7.2 Foreign operations

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 combination before 1 March 2011 (the date when the Group and the Company first adopted MFRSs) 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 date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary company, 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 foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company 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 company or joint venture company that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely 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 foreign currency translation reserve in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Tax expenses

Tax expense comprises of current tax and deferred tax but exclude taxes arising from business combinations and items recognised directly in equity or other comprehensive income. Current tax and deferred tax are recognised as an expense or income in the profit or loss.

3.8.1 Current tax

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 reporting date, and any adjustment to tax payable in respect of previous years. Tax payable (recoverable) for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

3.8.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between carrying amount of assets or liabilities in the statement of financial position and its tax base at reporting date. However, deferred tax on temporary difference arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination is not recognised because they affect neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group and the Company expect, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credit and tax carried forward losses can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to offset against part or the entire deferred tax asset, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

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

3.8.3 Indirect tax

Sales and Services Tax ("SST") was imposed effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10% while the rate for services tax is fixed at 6%.

Revenue, expenses, assets and liabilities are recognised net of the amount of SST except:

(i) where the SST incurred in a purchase of assets or services is not recoverable from the authority, in which case the SST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments

3.9.1 Financial assets

3.9.1.1 Classification

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

The Group and the Company classify their financial assets in the following measurement categories:-

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured at amortised cost.

3.9.1.2 Recognition and derecognition

A financial asset is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.9.1.3 Initial measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

3.9.1 Financial assets (cont'd)

3.9.1.4 Subsequent measurement

Financial assets are subsequently measured at the following categories:-

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Financial assets at amortised cost are subsequently measured using effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade receivables, most of the other receivables, amount due from subsidiary companies, amount due from an associate company and cash and cash equivalents.

(ii) Fair value at other comprehensive income ("FVTOCI") (debt instruments)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified from equity to profit or loss.

(iii) Designated at fair value at other comprehensive income ("FVTOCI") (equity instruments)

The Group's and the Company's management may make an irrevocable election at initial recognition to present subsequent changes in fair value gains and losses on equity investments in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends are recognised as other income in the statements of profit or loss when the right of payment has been established, except when the benefits from such proceeds as a recovery of part of the cost of the financial asset, such gains are recorded in other comprehensive income. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Group and the Company have not elected to designate any equity investments at FVTOCI.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

3.9.1 Financial assets (cont'd)

3.9.1.4 Subsequent measurement (cont'd)

Financial assets are subsequently measured at the following categories (cont'd):-

(iv) FVTPL

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Net changes in fair value is recognised in profit or loss in the period which it arises.

This category includes derivative instruments and listed equity investments of which the Group had not irrevocably elected to classify as FVTOCI. Dividends on listed equity investments are also recognised in the statements of profit or loss when the right of payment has been established.

3.9.1.5 Impairment of financial assets

The Group and the Company assess on a forward looking basis the expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs represent probability-weighted estimate of the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects:-

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following basis:-

- 12-month ECLs: the portion of lifetime expected credit losses that result from possible default events on a financial instrument within the 12 months after the reporting date; and
- Lifetime ECLs: the expected credit loss that result from all possible default events over the expected life of a financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

3.9.1 Financial assets (cont'd)

3.9.1.5 Impairment of financial assets (cont'd)

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group and the Company are exposed to credit risk.

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a process to monitor the recoverability of trade receivables based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group and the Company recognise an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

3.9.2 Financial liabilities

3.9.2.1 Classification

The Group and the Company classify their financial liabilities in the following measurement categories:-

- Those to be measured subsequently at fair value through profit or loss; and
- Those to be measured at amortised cost.

3.9.2.2 Recognition and derecognition

A financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial liability (or a part of a financial liability) from its statements of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

3.9.2 Financial liabilities (cont'd)

3.9.2.2 Recognition and derecognition (cont'd)

On derecognition of a financial liability, the difference between the carrying amount of the financial liability (or part 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.

3.9.2.3 Initial measurement

The Group and the Company initially measure a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial liability.

3.9.2.4 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:-

(i) FVTPL

Financial liabilities at FVTPL include financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities designated upon initial recognition as at FVTPL.

At initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:-

- If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel.

Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses recognised on derivatives include exchange differences.

For financial liability that is designated as at fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk in other comprehensive income and the remaining amount of the change in the fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group and the Company have not elected to designate any financial liability at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

3.9.2 Financial liabilities (cont'd)

3.9.2.4 Subsequent measurement (cont'd)

The subsequent measurement of financial liabilities depends on their classification, as described below (cont'd):-

(ii) Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

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

The Group's and the Company's financial liabilities at amortised cost include borrowings, amount due to an associate company, trade and most of the other payables. Borrowings are classified as current liabilities unless the Group and the Company have unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.9.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.10 Impairment of non-financial assets

The Group and the Company assess at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell or its value in use and it is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. At each reporting date, the Group and the Company review the carrying amounts of non-financial assets to determine whether there is any indication of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of non-financial assets (cont'd)

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 years.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior financial years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

3.11 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives designated as hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as follows:-

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures.

Forward foreign exchange contracts used are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as those arising from the related assets, liabilities or net position.

Exchange gains or losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

The fair value of foreign currency forward contract is determined using the forward exchange market rates at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Derivative financial instruments and hedging activities (cont'd)

Cash flow hedge

A cash flow hedge is a hedge of exposure to variability in cash flows that is attributable to a particular risk associated with 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 the ineffective portion is recognised in profit or loss.

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 hedge 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.

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 other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity to profit or loss.

3.12 Capital work-in-progress

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Share-based payment transactions

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 34 to the Financial Statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payment transactions that were granted after 31 December 2004 and vested after 1 January 2006. No amounts have been recognised in the consolidated financial statements in respect of other equity-settled shared-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with MFRS 2 Share-based Payment ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with MFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Equity, reserves and dividend payment

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

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve.

Gains and losses on certain financial instruments are included in reserve for cash-flow hedges.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of unappropriated profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Unappropriated profits include all current and prior period unappropriated profits.

All transactions with owners of the Company are recorded separately within equity.

3.16 Treasury shares

When issued share of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classify as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the treasury shares account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.

3.17 Warrants

Warrants are classified as equity instruments and its value is allocated based on the Black Scholes model upon issuance. The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.19 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

3.20 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 statement 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.

3.21 Earnings per share

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

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 financial period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Revenue recognition

The Group and the Company recognise revenue from contracts with customers for goods or services based on the five-step model as set out under MFRS 15 *Revenue from Contracts with customers:-*

i. Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
iii. Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
v. Recognise revenue when (or as) the Group and the Company satisfy a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:-

i. Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
ii. Create or enhance an asset that the customer controls as the asset is created or enhanced; or
iii. Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where none of the above conditions are met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this give rise to a contract liability.

3.22.1 Sales of goods

All revenue is recognised at a point in time, which is typically on delivery. An asset is transferred when (or as) the customer obtains control of the asset. All the contracts are completed at the adoption date. The revenue is recognised net of any related rebates, discounts and tax. The Company shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

3.22.2 Interest income

Interest income is recognised as it accrued using effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualified asset which is accounted for in accordance with the accounting policy on borrowing costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Revenue recognition (cont'd)

3.22.3 Rental income

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.22.4 Dividend income

Dividend income is recognised when the Group's right to receive payments is established.

3.23 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:-

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

(i) The entity and the Group are members of the same group.
(ii) The entity is an associate or joint venture of the Group.
(iii) The Group and the entity are joint ventures of the same third party.
(iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
(viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

3.24 Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year, in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Employee benefits (cont'd)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

3.25 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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 asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that Group and the Company incurred in connection with the borrowing of funds.

3.26 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group and the Company will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

3.27 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 revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land RM	Leasehold land RM	Buildings RM	Total land and buildings RM	Renovation and electrical installation RM	Crane, machinery, equipment, furniture and fittings RM	Forklift and motor vehicles RM	Total RM
Cost/Valuation								
At 1 March 2020	40,853,022	89,781,525	127,984,241	258,618,788	5,306,569	172,236,515	14,295,684	450,457,556
Additions	–	–	17,910	17,910	801,340	3,851,988	968,817	5,640,055
Disposals	–	–	–	–	–	(32,929)	(708,753)	(741,682)
Written off	–	–	–	–	–	(108,791)	–	(108,791)
Transferred from capital work-in-progress	–	–	206,807	206,807	27,725	112,248	–	346,780
Termination of lease contract	–	–	(17,834)	(17,834)	–	–	–	(17,834)
Currency translation difference	16,870	–	447,212	464,082	427	516,246	5,062	985,817
At 28 February 2021	40,869,892	89,781,525	128,638,336	259,289,753	6,136,061	176,575,277	14,560,810	456,561,901
Representing:-								
At cost	16,870	7,281,525	3,461,825	10,760,220	6,136,061	176,575,277	14,560,810	208,032,368
At valuation: 2020	40,853,022	82,500,000	125,176,511	248,529,533	–	–	–	248,529,533
At 1 March 2021	40,869,892	89,781,525	128,638,336	259,289,753	6,136,061	176,575,277	14,560,810	456,561,901
Additions	–	–	2,178,239	2,178,239	35,500	5,893,035	1,056,071	9,162,845
Disposals	–	–	–	–	–	–	(545,081)	(545,081)
Written off	–	–	–	–	–	(505,507)	–	(505,507)
Transferred from capital work-in-progress	–	–	–	–	–	702,684	–	702,684
Currency translation difference	(2,326)	–	(49,942)	(52,268)	583	(76,832)	1,755	(126,762)
At 28 February 2022	40,867,566	89,781,525	130,766,633	261,415,724	6,172,144	182,588,657	15,073,555	465,250,080
Representing:-								
At cost	14,544	7,281,525	5,590,122	12,886,191	6,172,144	182,588,657	15,073,555	216,720,547
At valuation: 2020	40,853,022	82,500,000	125,176,511	248,529,533	–	–	–	248,529,533
At 28 February 2022	40,867,566	89,781,525	130,766,633	261,415,724	6,172,144	182,588,657	15,073,555	465,250,080

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

Group (cont'd)

	Freehold land RM	Leasehold land RM	Buildings RM	Total land and buildings RM	Renovation and electrical installation RM	Crane, machinery, equipment, furniture and fittings RM	Forklift and motor vehicles RM	Total RM
Accumulated depreciation								
At 1 March 2020	–	397,174	325,779	722,953	4,421,431	90,986,730	10,787,895	106,919,009
Charge for the financial year	–	1,872,219	3,555,620	5,427,839	264,087	12,289,824	1,266,740	19,248,490
Disposals	–	–	–	–	–	(6,436)	(676,753)	(683,189)
Written off	–	–	–	–	–	(106,500)	–	(106,500)
Termination of lease contract	–	–	(14,531)	(14,531)	–	–	–	(14,531)
Currency translation difference	–	–	17,989	17,989	48	396,246	3,830	418,113
At 28 February 2021	–	2,269,393	3,884,857	6,154,250	4,685,566	103,559,864	11,381,712	125,781,392
Charge for the financial year	–	1,872,218	3,505,296	5,377,514	329,797	12,294,381	1,239,734	19,241,426
Disposals	–	–	–	–	–	–	(399,317)	(399,317)
Written off	–	–	–	–	–	(495,231)	–	(495,231)
Currency translation difference	–	–	(8,499)	(8,499)	184	(68,318)	646	(75,987)
At 28 February 2022	–	4,141,611	7,381,654	11,523,265	5,015,547	115,290,696	12,222,775	144,052,283
Net carrying amount								
At 28 February 2021	40,869,892	87,512,132	124,753,479	253,135,503	1,450,495	73,015,413	3,179,098	330,780,509
At 28 February 2022	40,867,566	85,639,914	123,384,979	249,892,459	1,156,597	67,297,961	2,850,780	321,197,797

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

On 28 February 2020, the Directors revalued the above land and buildings based on professional revaluations made by Sr. Chong Shek Heong, M. Com. (Applied Finance), B. Bus. (Property), MRISM and Registered Valuer (V-0951) & Sr. Ungku Mohd Iskandar Ungku Ismail, BSc. (Hons) Property Management, MRISM, MPEPS, MMIPFM and Registered Valuer (V-855) of C H Williams Talhar & Wong Sdn. Bhd., on the market value basis. The valuations were incorporated in the financial statements for the financial year ended 29 February 2020.

The market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The market value of the land and buildings was determined based on the comparison approach, cost approach and income approach.

Land and buildings at valuation are categorised at Level 2 fair value.

Level 2 Fair Value of Freehold and Leasehold Land

Level 2 fair value of freehold and leasehold land has been generally derived using the comparison approach or cost approach. The most significant input into these valuation approaches is price per square foot of comparable properties.

Level 2 Fair Value of Freehold Building and Leasehold Building

Level 2 fair value of freehold building and leasehold building has been generally derived using the comparison approach, cost approach or income approach. The most significant input into comparison approach and cost approach is construction cost of comparable properties while the most significant input into income approach is rental price per square foot of comparable properties.

4.1 Comparison approach

The comparison approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purpose with adjustments made for differences in location, accessibility, terrain, size, and shape of land, tenure, visibility and exposure, planning status, title restriction if any and other relevant characteristics to arrive at the market value.

4.2 Cost approach

The cost approach entails separate valuations of the land and building to arrive at the market value.

The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in location, terrain, size and shape of land, tenure, title restrictions if any and other relevant characteristics.

The buildings are valued by reference to their depreciated replacement costs, i.e. the replacement cost of the buildings as new less an appropriate adjustment for profits and depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation.

The land and buildings values are then summated to arrive at the market value of the subject property.

4.3 Income approach

The building is valued by determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

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

At the reporting date, had the revalued land and buildings of the Group been carried under the cost model, the net carrying amount would have been as follows:-

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
2022				
Cost	16,192,311	39,886,274	124,542,952	180,621,537
Accumulated depreciation	–	(5,436,454)	(25,704,496)	(31,140,950)
Currency translation difference	(2,326)	–	1,996,266	1,993,940
Net carrying amount	16,189,985	34,449,820	100,834,722	151,474,527
2021				
Cost	16,181,219	39,886,274	122,302,413	178,369,906
Accumulated depreciation	–	(4,922,226)	(23,415,337)	(28,337,563)
Currency translation difference	16,870	–	2,025,394	2,042,264
Net carrying amount	16,198,089	34,964,048	100,912,470	152,074,607

Included in the property, plant and equipment is right-of-use assets as follows:-

	Leasehold land RM	Buildings RM	Forklift and motor vehicles RM	Crane, machinery, equipment, furniture and fittings RM	Total RM
Net carrying amount					
At 1 March 2020	89,384,351	102,321	2,576,457	7,064,150	99,127,279
Additions	–	17,508	852,346	555,815	1,425,669
Additions through refinancing	–	–	–	1,546,295	1,546,295
Depreciation charges	(1,872,219)	(101,552)	(954,837)	(749,917)	(3,678,525)
Termination of lease contact	–	(3,303)	–	–	(3,303)
Fully settlement of lease liabilities	–	–	(3,480)	(616,666)	(620,146)
Currency translation difference	–	–	1,157	–	1,157
At 28 February 2021	87,512,132	14,974	2,471,643	7,799,677	97,798,426
Additions	–	–	398,246	1,250,000	1,648,246
Depreciation charges	(1,872,218)	(10,597)	(928,040)	(710,871)	(3,521,726)
Disposal	–	–	(88,151)	–	(88,151)
Currency translation difference	–	–	1,120	–	1,120
At 28 February 2022	85,639,914	4,377	1,854,818	8,338,806	95,837,915

Notes to the Financial Statements (cont'd)

5. CAPITAL WORK-IN-PROGRESS

Group

	Buildings RM	Renovation and electrical installation RM	Crane, machinery, equipment, furniture and fittings RM	Total RM
At 1 March 2020	48,180	27,725	485,420	561,325
Additions	5,399,703	852	4,471,272	9,871,827
Transferred to property, plant and equipment	(206,807)	(27,725)	(112,248)	(346,780)
At 28 February 2021	5,241,076	852	4,844,444	10,086,372
Additions	1,522,729	88,000	2,550,757	4,161,486
Transferred to property, plant and equipment	–	–	(702,684)	(702,684)
Transferred to cost of production	–	–	(8,000)	(8,000)
At 28 February 2022	6,763,805	88,852	6,684,517	13,537,174

6. INVESTMENT PROPERTIES

	Leasehold land RM	Buildings RM	Total land and buildings RM	Freehold land and shophouse building RM	Total RM
Group					
At fair value:-					
At 1 March 2020, 28 February 2021 and 1 March 2021	2,500,000	3,200,000	5,700,000	600,000	6,300,000
Addition	5,500,000	–	5,500,000	–	5,500,000
At 28 February 2022	8,000,000	3,200,000	11,200,000	600,000	11,800,000

The investment properties consist of land and buildings and are valued annually at fair value, comprising market value, by an external independent professionally qualified property valuer having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The market value is defined as the estimated amount for which an asset or an interest in a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. The market value of the investment properties was determined based on the comparison approach and cost approach.

Investment properties at valuation are categorised at Level 2 fair value.

6. INVESTMENT PROPERTIES (CONT'D)

Level 2 Fair Value of Freehold Land and Shophouse Buildings

Level 2 fair value of freehold land and shophouse building has been generally derived using the comparison approach. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 2 Fair Value of Leasehold Land and Buildings

Level 2 fair value of leasehold land and buildings has been generally derived using the cost approach. The most significant input into this valuation approach is price per square foot and cost of construction of comparable properties.

6.1 Comparison approach

The comparison approach analysing recent transactions and asking prices of similar property in and around the locality for comparison purpose with adjustments made for differences in location, size, age and condition of property, tenure, title restriction if any and other relevant characteristics to arrive at the market value.

6.2 Cost approach

The cost approach entails separate valuations of the land and buildings to arrive at the market value.

The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restriction if any and other relevant characteristics.

The building is valued by reference to its depreciated replacement costs, i.e. the replacement cost of the building as new less an appropriate adjustment for profits and depreciation or obsolescence to reflect the existing condition of the building at the date of valuation.

The land and buildings values are then summated to arrive at the market value of the subject property.

Included in the investment properties is right-of-use assets as follows:-

	Leasehold land RM	Total RM
At fair value		
At 1 March 2020, 28 February 2021 and 1 March 2021	2,500,000	2,500,000
Addition	5,500,000	5,500,000
At 28 February 2022	8,000,000	8,000,000

Notes to the Financial Statements (cont'd)

7. SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	2022 RM	2021 RM
Unquoted shares - At cost:-		
At beginning of financial year	252,310,458	244,860,458
Addition of investment in subsidiary companies	–	7,450,000
At end of financial year	252,310,458	252,310,458

The particulars of the subsidiary companies are as follows:-

Name of company	Country of incorporation	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
1. Pantech Corporation Sdn. Bhd.	Malaysia	100	100	Trading, supply and stocking of high pressure seamless and specialised steel pipes, fittings, flanges, valves and other related products for use in the oil and gas, gas reticulation, marine, onshore and offshore heavy engineering, power generation, petrochemicals, palm oil refining and other related industries.
Subsidiary companies of Pantech Corporation Sdn. Bhd.				
1.1 Pantech Realty Sdn. Bhd.	Malaysia	100	100	Investment holding and property investment.
1.2 Pantech (Kuantan) Sdn. Bhd.	Malaysia	100	100	Trading and supply of high pressure seamless and specialised steel pipes, fittings, flanges, valves and other related products for use in the oil and gas, gas reticulation, marine, onshore and offshore heavy engineering, power generation, petrochemicals, palm oil refining and other related industries.
2. Pantech Steel Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and supply of butt-welded carbon steel fittings such as elbows, tees, reducers, end-caps and high frequency induction long bends for use in the oil and gas and other related industries.
3. Panaflo Controls Pte. Ltd.#	Singapore	100	100	Supplier of flow control solutions such as valves, actuators and controls for the oil and gas, petrochemicals, water treatment and other related industries and trading of specialised steel pipes and related products.

7. SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (cont'd)

The particulars of the subsidiary companies are as follows (cont'd):-

Name of company	Country of incorporation	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
4. Pantech Stainless & Alloy Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and supply of stainless steel and alloy pipes, fittings and related products for use in the oil and gas, marine, onshore and offshore heavy engineering, petrochemical and chemical, palm oil refinery and oleochemical, power generation, pharmaceutical, water and other related industries.
5. Pantech International (KSA) Sdn. Bhd.	Malaysia	100	100	Dormant.
6. Nautic Steels (Holdings) Limited#	United Kingdom	100	100	Investment holdings.
Subsidiary company of Nautic Steels (Holdings) Limited				
6.1 Nautic Steels Limited#	United Kingdom	100	100	Milling, machining and welding of tube and pipe fittings in special metals for the oil industry.
7. Nautic Steels Sdn. Bhd.	Malaysia	100	100	Dormant.
8. Pantech Galvanising Sdn. Bhd.	Malaysia	100	100	Hot dip galvanising, treatment and coating of metals and its related activities, engineering fabrication works and its related activities and manufacturing of industrial consumable products.

Not audited by Grant Thornton Malaysia PLT.

(b) Amount due from subsidiary companies

The amount due from subsidiary companies is non-trade in-nature, bears no interest and repayable upon demand.

The amount due from subsidiary companies is denominated in Ringgit Malaysia.

Notes to the Financial Statements (cont'd)

8. ASSOCIATE COMPANY

(a) Investment in an associate company

	Group	
	2022 RM	2021 RM
Unquoted shares - at cost	288,717	288,717
Share of post acquisition profit		
- At beginning of financial year	2,918,231	2,976,059
- Share of post acquisition loss during the financial year	(176,350)	(57,828)
- At end of financial year	2,741,881	2,918,231
Less: Dividend received (cumulative)	(445,500)	(445,500)
	2,585,098	2,761,448
Represented by:-		
Share of net assets	2,585,098	2,761,448

Summarised financial information of associate company is as follows:-

	Group	
	2022 RM	2021 RM
Assets and liabilities		
Current assets	23,801,442	31,329,988
Non-current assets	4,567	6,302
Total assets	23,806,009	31,336,290
Current liabilities	17,342,964	24,432,369
Non-current liabilities	–	–
Total liabilities	17,342,964	24,432,369
Results		
Revenue	99,414,563	68,927,392
Loss for the financial year	(440,876)	(144,571)

8. ASSOCIATE COMPANY (CONT'D)

(a) Investment in an associate company (cont'd)

There is no share of commitments and contingent liabilities from the associate company to the Group.

The particulars of the associate company are as follows:-

Name of company	Country of incorporation	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Tuah Nusa Sdn. Bhd.	Malaysia	40	40	Trading and supply of specialised industrial products, alloys and ferrous materials for the oil and gas and related industries.

(b) Amount due from an associate company

The amount due from an associate company is trade in-nature, unsecured, bears no interest and repayable upon demand.

The currency exposure profile of the amount due from an associate company is as follows (foreign currency balances are unhedged):-

	Group 2022 RM	Group 2021 RM
Ringgit Malaysia	2,727,908	15,383,255
United State Dollar	6,062,264	8,442,602
	8,790,172	23,825,857

9. OTHER INVESTMENT

	Group 2022 RM	Group 2021 RM
Fair value through profit or loss:-		
Quoted share in Malaysia		
At beginning of financial year	–	–
Addition	399,000	–
Fair value gain	39,000	–
At end of financial year	438,000	–

Notes to the Financial Statements (cont'd)

10. GOODWILL ON ACQUISITION

	Group	
	2022 RM	2021 RM
Cost		
At beginning and end of financial year	1,194,131	1,194,131
Accumulated impairment loss		
At beginning of financial year	1,194,131	–
Charge during the financial year	–	1,194,131
At end of financial year	1,194,131	1,194,131
Net carrying amount	–	–

The goodwill arise from the acquisition of a new subsidiary company on 7 March 2012.

Impairment tests for goodwill

(a) Allocation of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified as follows:-

	Group	
	2022 RM	2021 RM
Subsidiary company		
Nautic Steels (Holdings) Limited	1,194,131	1,194,131
	1,194,131	1,194,131

In the previous financial year, impairment loss is provided on goodwill allocated to Nautic Steels (Holdings) Limited due to uncertainty in current economic condition and business environment encountered by this subsidiary company as a result of the COVID-19 pandemic.

11. DEFERRED TAX ASSETS

	Group	
	2022 RM	2021 RM
At beginning of financial year	3,200	3,900
Transferred to profit or loss (Note 31)	–	(700)
At end of financial year	3,200	3,200

The balance in the deferred tax assets made up of temporary differences arising from:-

	Group	
	2022 RM	2021 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(19,800)	(14,800)
Inventories written down	23,000	18,000
	3,200	3,200

The following temporary differences (stated at gross amount) have not been recognised in the financial statements:-

	Group	
	2022 RM	2021 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(49,256)	(60,378)
Inventories written down	53,274	429,592
Unabsorbed business losses	8,899,891	8,964,500
Unutilised capital allowances	1,084,886	1,444,685
Unutilised leave entitlement	–	9,964
	9,988,795	10,788,363

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of the subsidiary companies in the Group in the foreseeable future and they have arisen in subsidiary companies that have recent history of losses.

Notes to the Financial Statements (cont'd)

11. DEFERRED TAX ASSETS (CONT'D)

A subsidiary will apply reinvestment allowances and industrial building allowances amounted to approximately RM6,031,000 (2021: RM5,224,000) in total for the new factory which will start operation in the next financial year. Due to this, deferred tax has not been recognised in respect of the following items as they may not be used to offset taxable profits of that subsidiary in the foreseeable future.

	Group	
	2022 RM	2021 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(7,710,000)	(6,559,000)
Allowance for impairment of receivables	–	166,000
Unabsorbed business losses	3,082,000	3,082,000
Unutilised capital allowances	841,000	806,000
Unutilised reinvestment allowance	330,000	–
	(3,457,000)	(2,505,000)

The unutilised capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. As for unabsorbed business losses, it can only be carried forward up to ten (10) consecutive years of assessment ("YA") until YA 2043. Any such amount that would not be fully deducted after YA 2043 shall be disregarded.

The unutilised reinvestment allowances can only be carried forward up to seven (7) consecutive years of YA upon expiry of the qualifying period of that reinvestment allowances, which is specifically until YA 2043 for the subsidiary company. Any such amount that would not be fully deducted after YA 2043 shall be disregarded.

12. INVENTORIES

	Group	
	2022 RM	2021 RM
Raw materials	70,203,692	43,778,790
Work-in-progress	35,420,503	22,129,004
Finished goods	295,208,241	223,176,551
Total inventories	400,832,436	289,084,345
Recognised in profit or loss:-		
Inventories recognised in cost of sales	478,567,821	310,833,160
Inventories written down	933,464	832,738
Reversal of inventories written down	(651,374)	(548,827)

13. TRADE RECEIVABLES

	Group	
	2022 RM	2021 RM
Trade receivables	210,307,587	101,738,171
Less: Allowance for impairment of trade receivables	(3,668,829)	(6,965,244)
	206,638,758	94,772,927

Movement in allowance for impairment of trade receivables:-

	Group	
	2022 RM	2021 RM
At beginning of financial year	(6,965,244)	(6,344,269)
Impairment written off	3,925,567	394,347
Charge for the financial year	(2,203,069)	(3,296,174)
Reversal of impairment - payment received	1,598,467	2,374,268
	(604,602)	(921,906)
Currency translation difference	(24,550)	(93,416)
At end of financial year	(3,668,829)	(6,965,244)

The currency exposure profile of the trade receivables is as follows (foreign currency balances are unhedged):-

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	71,058,382	70,120,421
United States Dollar	134,345,533	26,038,000
Singapore Dollar	2,180,444	134,518
Great Britain Pound Sterling	2,090,486	5,377,827
Euro	632,742	67,405
	210,307,587	101,738,171

Trade receivables comprise amounts receivable from sales of goods. The credit terms granted on sales of goods ranged from 7 days to 120 days (2021: 7 days to 120 days). Allowance has been made for estimated irrecoverable of trade receivables based on the default experience of the Group.

An impairment analysis is performed at each reporting date to measure ECLs. Information regarding the Group's and the Company's exposure to the credit risk and ECLs for trade receivables is disclosed in Note 40 (c) to the Financial Statements.

Notes to the Financial Statements (cont'd)

14. OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-trade receivables	194,858	715,658	–	–
Less: Allowance for impairment of non-trade receivables	–	(658,000)	–	–
	194,858	57,658	–	–
Advance payment to suppliers	17,558,458	5,691,548	–	–
Deposit for purchase of property, plant and equipment	–	1,125,000	–	–
Deposits	1,486,151	2,029,899	50,000	–
Prepayment of expenses	2,757,811	1,760,729	21,849	18,639
GST/VAT receivables	430,573	147,458	–	–
	22,427,851	10,812,292	71,849	18,639

Movement in allowance for impairment of non-trade receivables:-

	Group	
	2022 RM	2021 RM
At beginning of financial year	(658,000)	–
Charge for the financial year	–	(658,000)
Reversal of impairment - payment received	658,000	–
At end of financial year	–	(658,000)

The currency exposure profile of the other receivables is as follows (foreign currency balances are unhedged):-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	4,060,312	4,509,246	71,849	18,639
United States Dollar	17,091,106	5,766,332	–	–
Singapore Dollar	393,572	73,934	–	–
Great Britain Pound Sterling	851,174	446,925	–	–
Euro	31,687	15,855	–	–
	22,427,851	10,812,292	71,849	18,639

15. DERIVATIVES FINANCIAL INSTRUMENTS

	Contract/ Notional amount RM	Assets RM	Liabilities RM	Net RM
Group				
2022				
Liability				
Non-hedging derivatives:-				
- Forward currency contract	1,255,800	1,255,800	1,259,740	(3,940)
	1,255,800	1,255,800	1,259,740	(3,940)
2021				
Asset				
Hedging derivatives:-				
Cash flow hedges				
- Cross currency swap	515,776	515,776	509,161	6,615
Liability				
Non-hedging derivatives:-				
- Forward currency contract	468,550	468,550	469,417	(867)
	984,326	984,326	978,578	5,748

	2022 RM	2021 RM
Analysed as:-		
- Within 1 year	(3,940)	5,748
- More than 1 year but less than 5 years	–	–
	(3,940)	5,748

Notes to the Financial Statements (cont'd)

15. DERIVATIVES FINANCIAL INSTRUMENTS (CONT'D)

	Contract/ Notional amount RM	Assets RM	Liabilities RM	Net RM
Company				
Asset				
2022				
Hedging derivatives:-				
Cash flow hedges				
- Cross currency swap	–	–	–	–
2021				
Hedging derivatives:-				
Cash flow hedges				
- Cross currency swap	515,776	515,776	509,161	6,615

	2022 RM	2021 RM
Analysed as:-		
- Within 1 year	–	6,615
- More than 1 year but less than 5 years	–	–
	–	6,615

The Group and the Company held cross currency swap contracts designated as hedges of cash flow currency risk for certain borrowings. The terms of the cross currency swap contracts have been negotiated to match the terms of the borrowings.

The full fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

15. DERIVATIVES FINANCIAL INSTRUMENTS (CONT'D)

The following table indicates the periods in which the cash flows associated with the cross currency swap are expected to occur and affect profit or loss:-

Group and Company

	Carrying amount RM	Expected cash flows RM	Less than 1 year RM	Between 1 to 5 years RM
2022				
Cross currency swap	–	–	–	–
2021				
Cross currency swap	510,000	516,476	516,476	–

The cash flow hedges of the borrowings were assessed to be highly effective and a net unrealised loss of RM6,615 (2021: net unrealised loss of RM88,778) of the Group and of the Company respectively relating to the hedging instruments are included in other comprehensive income. None was reclassified from equity to profit or loss during the current and previous financial year.

Non-hedging activities

The Group uses forward currency contracts to manage some of the transaction exposure. Trading derivatives are classified as a current asset or liability. The full fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

16. FIXED DEPOSITS WITH LICENSED BANKS

	Group	
	2022 RM	2021 RM
Current	2,692,726	2,665,406

The fixed deposits with licensed banks of the Group are on fixed rate basis and will mature within 1 month to 6 months (2021: 1 month to 6 months) period.

The effective interest rates on fixed deposits with licensed banks ranged from 0.70% to 1.40% (2021: 0.70% to 2.50%) per annum.

All fixed deposits with licensed banks are denominated in Ringgit Malaysia.

Notes to the Financial Statements (cont'd)

17. CASH AND BANK BALANCES

The currency exposure profile of the cash and bank balances is as follows (foreign currency balances are unhedged):-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	140,136,123	92,084,568	34,685,648	2,966,156
United States Dollar	27,744,235	31,843,628	–	–
Singapore Dollar	4,867,435	4,431,358	–	–
Great Britain Pound Sterling	5,382,244	6,324,494	188,907	64,437
Euro	456,564	366,744	–	–
	178,586,601	135,050,792	34,874,555	3,030,593

18. SHARE CAPITAL

	2022 Unit	2022 RM	2021 Unit	2021 RM
Group and Company				
Issued and fully paid with no par value:-				
Ordinary shares				
At beginning of financial year	751,757,872	210,312,047	750,998,672	209,919,921
Exercise of warrants	46,842,900	29,042,598	15,200	8,866
Pursuant to exercise of ESOS	37,138,300	19,537,076	744,000	383,260
At end of financial year	835,739,072	258,891,721	751,757,872	210,312,047

New ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

19. TREASURY SHARES

Group and Company

The shareholders of the Company, through the Annual General Meeting held on 21 August 2008, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in every Annual General Meeting held and it was last renewed in the Annual General Meeting held on 18 August 2021. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The Company repurchased 11,411,200 (2021: 10,291,000) ordinary shares of its issued share capital from the open market. The average price paid for the repurchased shares was RM0.51 (2021: RM0.37) per share. The repurchased transactions were financed by internally generated funds. These repurchased shares were held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act, 2016.

The shares purchased were retained as treasury shares. The Company has the right to cancel, resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at the financial year end, the Company held 16,086,293 (2021: 4,675,093) of the Company's shares and the number of outstanding shares in issue after setting treasury shares off against equity are 819,652,779 (2021: 747,082,779).

No treasury shares were sold during the current and previous financial year.

20. REVALUATION RESERVE

Group

The revaluation reserve arose from the revaluation of land and buildings and is not available for distribution as dividends.

21. EMPLOYEES SHARE OPTION RESERVE

Group and Company

Employees share option reserve represents the equity-settled share option granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share option, and is reduced by the expiry or exercise of the share option.

The employees share option reserve is not available for distribution as dividends.

22. CASH FLOW HEDGE RESERVE

The cash flow hedge reserve contains the effective portion of the gain or loss on hedging instruments in cash flow hedges and is not available for distribution as dividends.

23. WARRANTS RESERVE

Group and Company

	Warrant A 2010/2020 RM	Warrant B 2016/2021 RM	Total RM
At 1 March 2020	7,454,125	7,294,493	14,748,618
Exercise of warrant	(1,266)	–	(1,266)
Expiration of warrant	(7,452,859)	–	(7,452,859)
At 28 February 2021	–	7,294,493	7,294,493
Exercise of warrant	–	(5,621,146)	(5,621,146)
Expiration of warrant	–	(1,673,347)	(1,673,347)
At 28 February 2022	–	–	–

(a) Warrants 2010/2020 ("Warrant A")

On 22 December 2010, the Company issued 748,410,400 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at the nominal value of RM0.10, together with 74,841,040 free detachable warrants to the holders of the ICULS on the basis of one free detachable warrants for every ten ICULS subscribed.

The fair value of the warrants is estimated using the Black Scholes model, taking into account the terms and conditions upon which the warrants are acquired. The fair value of the warrants measured at issuance date and the assumptions are as follows:-

Style	Vanilla
Exercise type	American
Tenure	10 years
5-day volume weighted average price of Pantech share at 23 December 2010	RM0.58
Conversion price	RM0.60
Volatility rate	20 %

Each warrant entitles the registered holder of warrant to subscribe for one new ordinary share in the Company at any time on or after 22 December 2010 up to the date of expiry on 21 December 2020, at an exercise price of RM0.60 per share or such adjusted price in accordance with the provisions in the Deed Poll. The warrants were listed on the Bursa Malaysia Securities Berhad on 27 December 2010.

On 22 December 2016, the Company completed a Bonus Issue of Shares. Pursuant to this Bonus Issue of Shares, the exercise price of Warrant A of RM0.60 is adjusted to RM0.50 and a total of 14,963,269 additional Warrant A is issued, listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 22 December 2016.

A total of Nil (2021: 15,200) units of Warrants A were exercised and converted to ordinary shares.

Warrants A has expired on 21 December 2020.

23. WARRANTS RESERVE (CONT'D)

(b) Warrants 2016/2021 ("Warrant B")

On 22 December 2016, the Company issued 61,561,667 free warrants on the basis of one (1) Warrant B for every ten (10) existing ordinary shares held on the same entitlement date as the Bonus Issue of Shares.

The fair value of the warrants is estimated using the Black Scholes model, taking into account the terms and conditions upon which the warrants are acquired. The fair value of the warrants measured at issuance date and the assumptions are as follows:-

Style	Vanilla
Exercise type	American
Tenure	5 years
5-day volume weighted average price of Pantech share at 2 December 2016	RM0.534
Conversion price	RM0.50
Volatility rate	28.805 %

Each warrant entitles the registered holder of warrant to subscribe for one new ordinary share in the Company at any time on or after 22 December 2016 up to the date of expiry on the 21 December 2021, at an exercise price of RM0.50 per share or such adjusted price in accordance with the provisions in the Deed Poll. The warrants were listed on the Bursa Malaysia Securities Berhad on 29 December 2016.

A total of 46,842,900 (2021: Nil) units of Warrants B were exercised and converted to ordinary shares.

As at the reporting date, Nil (2021: 60,787,449) Warrant B remained unexercised.

Warrant B has expired on 21 December 2021.

24. LEASE LIABILITIES

24.1 Lease liabilities are presented in the statements of financial position as follows:-

	Group	
	2022 RM	2021 RM
Current	2,277,982	3,025,026
Non-current	9,280,323	10,300,545
	11,558,305	13,325,571

Notes to the Financial Statements (cont'd)

24. LEASE LIABILITIES (CONT'D)

24.2 Future minimum lease payments were as follows:-

Group

	Minimum lease payment due			
	Within 1 year RM	**1 to 5 years RM**	**After 5 years RM**	**Total RM**
2022				
Lease payment	2,826,003	5,784,580	6,522,239	15,132,822
Less: Finance charges	(548,021)	(1,424,637)	(1,601,859)	(3,574,517)
Net present values	2,277,982	4,359,943	4,920,380	11,558,305
2021				
Lease payment	3,655,684	6,572,393	7,153,423	17,381,500
Less: Finance charges	(630,658)	(1,543,488)	(1,881,783)	(4,055,929)
Net present values	3,025,026	5,028,905	5,271,640	13,325,571

24.3 Lease payments not recognised as a liability

The Group has elected not to recognise lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The expense relating to payments not included in the measurement of the lease liabilities is as follows:-

	Group	
	2022 RM	**2021 RM**
Low-value assets		
- Administration expenses	72,657	98,508
Short-term leases		
- Administration expenses	13,700	10,800
- Cost of sales	522,132	463,820
	535,832	474,620

24. LEASE LIABILITIES (CONT'D)

24.4 Nature of leasing activities

Each lease generally imposes a restriction that the right-of-use assets can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statements of financial position:-

Group

Type	Number of right-of-use assets leased	Range of remaining term	Number of lease with extension options
2022			
Leasehold land	1	184 months	–
Buildings	1	6 months	–
Crane, machinery, equipment, furniture and fittings	18	4 – 43 months	–
Forklift and motor vehicles	22	2 – 57 months	–
2021			
Leasehold land	1	196 months	–
Buildings	2	1 – 18 months	1
Crane, machinery, equipment, furniture and fittings	17	16 – 55 months	–
Forklift and motor vehicles	25	1 – 59 months	–

All lease liabilities are denominated in Ringgit Malaysia.

Notes to the Financial Statements (cont'd)

25. BORROWINGS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current				
Unsecured:-				
Term loans	2,401,200	2,915,518	–	514,318
Term loans-i	13,926,016	13,245,048	–	–
Trade loans:-				
- Accepted bills-i	10,581,782	5,501,035	–	–
- Bankers' acceptance	132,154,788	86,329,197	–	–
- Onshore foreign currency loans	27,319,862	11,403,061	–	–
-Clean import loans	1,095,802	2,082,100	–	–
Total current	187,479,450	121,475,959	–	514,318
Non-current				
Unsecured:-				
Term loans	1,290,987	3,699,640	–	–
Term loans-i	31,213,401	37,838,967	–	–
Total non-current	32,504,388	41,538,607	–	–
Total borrowings	219,983,838	163,014,566	–	514,318

(i) The term loans, term loans-i, accepted bills-i, bankers' acceptance and clean import loans are obtained by way of corporate guarantee from the Company and negative pledge on subsidiary companies' assets.

A term loan of a subsidiary company is obtained by way of facility agreement and corporate guarantee from the Company.

The term loans bear interest at rates ranging from 3.82% to 5.50% (2021: 3.89% to 6.00%) per annum.

The term loans-i bear interest at rates ranging from 2.99% to 4.65% (2021: 3.46% to 5.05%) per annum.

All term loans are repayable by monthly or quarterly installments.

The accepted bills-i bears interest at rates ranging from 2.66% to 2.80% (2021: 2.69% to 4.01%) per annum.

The bankers' acceptance bears interest at rates ranging from 1.97% to 2.93% (2021: 1.76% to 4.43%) per annum.

The clean import loans bear interest at the rate of 0.88% (2021: 0.75% to 2.38%) per annum.

(ii) The onshore foreign currency loans are obtained by way of corporate guarantee from the Company. Certain onshore foreign currency loans are obtained by way of negative pledge on subsidiary companies' assets.

It bears interest at rates ranging from 0.67% to 1.35% (2021: 0.98% to 1.00%) per annum.

25. BORROWINGS (CONT'D)

The currency exposure profile of the borrowings is as follows (foreign currency balances are unhedged):-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	191,568,174	149,529,405	–	514,318
United States Dollar	28,415,664	11,855,656	–	–
Euro	–	1,629,505	–	–
	219,983,838	163,014,566	–	514,318

26. DEFERRED TAX LIABILITIES

	Group	
	2022 RM	2021 RM
At beginning of financial year	14,620,469	14,469,460
Transferred to profit or loss (Note 31)	9,507,262	672,542
Realisation of deferred tax liabilities upon depreciation of revalued assets	(265,951)	(265,951)
Under/(over) provision of deferred tax liabilities in prior year (Note 31)	90,000	(268,000)
Currency translation difference	(2,736)	12,418
At end of financial year	23,949,044	14,620,469

The balance in the deferred tax liabilities is made up of temporary differences arising from:-

	Group	
	2022 RM	2021 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	15,589,678	15,564,152
Revaluation of land and buildings	13,691,366	13,958,317
Allowance for impairment of receivables	(880,000)	(1,511,000)
Inventories written down	(2,020,000)	(1,903,000)
Provision of expenses	(256,000)	(120,000)
Unutilised capital allowances	–	(947,000)
Unutilised reinvestment allowances	(2,147,000)	(3,414,000)
Unabsorbed value of increased exports incentive	–	(4,550,000)
Unrealised loss on foreign exchange	(29,000)	(6,000)
Unabsorbed business losses	–	(2,451,000)
	23,949,044	14,620,469

Notes to the Financial Statements (cont'd)

27. TRADE PAYABLES

Group

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group ranged from 30 days to 90 days (2021: 30 days to 90 days).

The currency exposure profile of the trade payables is as follows (foreign currency balances are unhedged):-

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	16,188,368	8,862,886
United States Dollar	103,000,196	8,855,332
Singapore Dollar	1,788,793	1,603,682
Great Britain Pound Sterling	1,848,350	407,840
Euro	1,011,821	600,223
	123,837,528	20,329,963

28. OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-trade payables	5,722,576	4,499,111	10,410	232,131
Deposits received	28,500	110,700	–	–
Accrual of expenses	9,211,445	7,768,722	232,972	269,842
Advance payment from customers	11,186,442	1,218,791	–	–
Settlement received	–	792,551	–	–
SST payable	3,280	3,862	–	–
	26,152,243	14,393,737	243,382	501,973

The currency exposure profile of the other payables is as follows (foreign currency balances are unhedged):-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	21,459,547	13,496,571	243,382	501,973
United States Dollar	4,240,532	170,668	–	–
Singapore Dollar	141,123	72,913	–	–
Great Britain Pound Sterling	311,041	653,585	–	–
	26,152,243	14,393,737	243,382	501,973

29. REVENUE

Revenue for the Group comprise of revenue from contract with customers.

29.1 Disaggregation of revenue from contract with customers

Revenue from contracts with customers is disaggregated by major products, primary geographical markets and timing of revenue recognition as follows:-

	2022 RM	2021 RM
Group		
Major products		
Manufacturing and trading of pipes, fittings, flanges, valves and other related products	751,478,771	486,257,616
Primary geographical markets		
Malaysia	448,802,474	293,410,682
Other countries	302,676,297	192,846,934
	751,478,771	486,257,616
Timing of revenue recognition		
Products transferred at a point in time	751,478,771	486,257,616

	2022 RM	2021 RM
Company		
Dividend income	23,000,200	23,129,900
Management fee	3,338,430	4,067,048
	26,338,630	27,196,948

Notes to the Financial Statements (cont'd)

30. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- statutory	202,000	193,000	20,000	20,000
- non-statutory	75,750	68,250	26,200	19,200
- other auditors	153,163	140,032	–	–
Direct operating expenses:-				
- revenue generating investment properties during the financial year	51,915	51,915	–	–
Directors' fee	903,000	751,333	173,000	173,000
Expenses relating to short-term leases	535,832	474,620	–	–
Expenses relating to lease of low-value assets	72,657	98,508	–	–
Realised (gain)/loss on foreign exchange	(2,103,858)	2,051,192	1,050	(3,050)
Rental income	(134,800)	(605,400)	–	–
Wages subsidies received*	(1,478,400)	(1,772,000)	–	–

* The Group received financial assistance from Wage Subsidy Program ("PSU") implemented by Malaysia Social Security Organisation ("SOCSO").

The estimated monetary value of benefits provided to the Directors of the Company during the financial year by way of usage of the Group's assets and other benefits amounted to RM144,747 (2021: RM152,720).

The remuneration paid (Company and Group basis) to the Directors of the Company is categorised as follows:-

	Fees RM	Other emoluments RM	Benefits-in-kind RM	Total RM
Group				
2022				
Executive Directors	530,000	6,973,383	144,747	7,648,130
Non-Executive Directors	173,000	–	–	173,000
Total	703,000	6,973,383	144,747	7,821,130
2021				
Executive Directors	432,500	5,849,741	152,720	6,434,961
Non-Executive Directors	173,000	–	–	173,000
Total	605,500	5,849,741	152,720	6,607,961

30. PROFIT BEFORE TAX (CONT'D)

The remuneration paid (Company and Group basis) to the Directors of the Company is categorised as follows (cont'd):-

	Fees RM	Other emoluments RM	Benefits-in-kind RM	Total RM
Company				
2022				
Executive Directors	–	1,630,153	–	1,630,153
Non-Executive Directors	173,000	–	–	173,000
Total	173,000	1,630,153	–	1,803,153
2021				
Executive Directors	–	1,630,153	–	1,630,153
Non-Executive Directors	173,000	–	–	173,000
Total	173,000	1,630,153	–	1,803,153

The remuneration paid to the Directors of the Company analysed into bands are as follows:-

Number of Directors	<RM100,000	RM100,000 to RM1,000,000	RM1,000,001 to RM2,000,000	RM2,000,001 to RM3,000,000
2022				
Executive Directors	–	1	3	1
Non-Executive Directors	4	–	–	–
2021				
Executive Directors	–	2	3	–
Non-Executive Directors	4	–	–	–

Notes to the Financial Statements (cont'd)

31. TAX EXPENSE

Tax recognised in profit or loss

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
In Malaysia				
Current tax expense				
Current year's tax expense	15,629,698	9,619,577	773,751	891,422
Under/(Over) provision of tax expense in prior financial year	28,430	(213,774)	(27,962)	–
	15,658,128	9,405,803	745,789	891,422
Deferred tax expense				
Under/(Over) provision of deferred tax liabilities in prior financial year (Note 26)	90,000	(268,000)	–	–
Realisation of deferred tax liabilities upon depreciation of revalued assets	(265,951)	(265,951)	–	–
Transferred from deferred tax liabilities (Note 26)	9,464,479	686,112	–	–
Transferred from deferred tax assets (Note 11)	–	700	–	–
	9,288,528	152,861	–	–
	24,946,656	9,558,664	745,789	891,422
Outside Malaysia				
Deferred tax expense				
Transferred from/(to) deferred tax liabilities (Note 26)	42,783	(13,570)	–	–
	42,783	(13,570)	–	–
Total	24,989,439	9,545,094	745,789	891,422

31. TAX EXPENSE (CONT'D)

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the financial year.

The reconciliations of income tax expense applicable to profit before tax at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	96,742,457	36,012,738	22,613,046	23,403,661
Tax expense at Malaysian statutory tax rate of 24% (2021: 24%)	23,218,190	8,643,057	5,427,131	5,616,879
Tax effects in respect of:-				
Expenses not deductible for tax purposes	3,043,465	2,474,762	866,668	825,719
Income not subject to tax	(937,453)	(232,265)	(5,520,048)	(5,551,176)
Deferred tax not recognised in current financial year	(223,117)	(664,337)	–	–
Different tax rate of subsidiary companies in overseas	40,892	91,792	–	–
Under/(Over) provision of deferred tax liabilities in prior financial year	90,000	(268,000)	–	–
Utilisation of deferred tax assets previously not recognised	(5,017)	(20,190)	–	–
Under/(Over) provision of tax expense in prior financial year	28,430	(213,774)	(27,962)	–
Realisation of deferred tax liabilities upon depreciation of revalued assets	(265,951)	(265,951)	–	–
Total tax expense	24,989,439	9,545,094	745,789	891,422

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has unutilised capital allowances, unabsorbed value of increased exports incentive, unabsorbed business losses and unutilised reinvestment allowances which can be carried forward to offset against future taxable profit amounted to approximately RM1,926,000, Nil, RM11,979,000 and RM9,276,000 (2021: RM6,195,000, RM18,959,000, RM22,253,000 and RM14,226,000) respectively.

Notes to the Financial Statements (cont'd)

32. EARNINGS PER ORDINARY SHARE

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on Group's profit for the financial year attributable to owners of the Company and weighted average number of ordinary shares calculated as follows:-

	Group	
	2022	**2021**
Profit after tax for the financial year attributable to owners of the Company (RM)	71,753,018	26,467,644
Weighted average number of ordinary shares in issue	777,152,658	745,546,527
Basic earnings per ordinary share (sen)	9.23	3.55

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on Group's profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	Group	
	2022	**2021**
Profit after tax for the financial year attributable to owners of the Company (RM)	71,753,018	26,467,644
Weighted average number of ordinary shares in issue (basic)	777,152,658	745,546,527
Adjustment for dilutive effect on exercise of ESOS and warrants	7,190,393	3,434,740
Weighted average number of ordinary shares in issue (diluted)	784,343,051	748,981,267
Diluted earnings per ordinary share (sen)	9.15	3.53

33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff costs	57,147,977	48,460,965	2,147,353	2,185,180

Employee benefits expense of the Group and of the Company consists of, amongst others, the following items:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors' remuneration				
- Salaries, allowances and bonuses	6,561,725	5,500,450	1,532,400	1,532,400
- others	411,658	349,291	97,753	97,753
Defined contribution plan – staff EPF	3,556,593	3,031,467	49,891	59,597

34. EMPLOYEE SHARE OPTION SCHEME

At an extraordinary general meeting held on 2 December 2016, the Company's shareholders approved the establishment of Employee Share Option Scheme ("ESOS" or "Scheme") for the eligible Directors and employees of the Group.

The salient features of the Scheme are as follows:-

(a) The maximum number of new ordinary shares in the Company ("Shares") which may be available under the Scheme shall not be more than ten per centum (10%) of the issued and fully paid-up share capital (excluding treasury shares) of the Company at any point in time during the Duration of the Scheme.

(b) The Company will for the Duration of the Scheme make available sufficient number of new Shares in the unissued share capital of the Company to satisfy all outstanding options, which may be exercisable from time to time.

(c) Any employee or Director of any company comprised in the Group (save for any subsidiaries which are dormant) shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full time basis (either permanent or on contract) and on the payroll of that corporation comprised in the Group and has been given notification in writing that the employee is a confirmed employee.

(d) The option price shall be determined by the Board of Directors of the Company upon recommendation of the Option Committee at a discount of not more than 10% from the volume weighted average market price of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer.

(e) The shares under options shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing issued and fully paid-up Shares at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.

34. EMPLOYEE SHARE OPTION SCHEME (CONT'D)

(i) Employee Share Option Scheme (Batch 1)

The Scheme shall be in force for a duration of ten (10) years from the date of commencement from 23 January 2017 ("Duration of the Scheme"). During the previous financial years, the Company has granted options under the Scheme and the options are exercisable within a period of five (5) years from the date commencing from 24 January 2017.

Number of unexercised share option

	Company	
	2022	**2021**
At beginning of financial year	33,096,600	34,280,600
Exercised during the financial year	(32,957,600)	(744,000)
Forfeited during the financial year	(139,000)	(440,000)
At end of financial year	–	33,096,600
Analysed as:-		
Exercisable in financial year 2021	–	33,096,600

Option price

	Company RM
Option granted	
- on grant date	0.415

Share option exercised during the financial year

During the financial year, 32,957,600 (2021: 744,000) number of ordinary shares were issued under the Company's ESOS.

Fair value of share option granted

The fair value of share option granted was estimated by an external valuer using the Binomial Model, taking into consideration the terms and conditions upon which the option was granted.

The fair value of the share option measured at grant date and the assumptions are as follow:-

Fair value of share option granted on 24 January 2017 based on vesting date (RM)	
- 24 January 2017	0.102343
- 24 January 2018	0.099692
- 24 January 2019	0.100360
- 24 January 2020	0.100640
- 24 January 2021	0.099612
Expected volatility of Company's share price (%)	30.00
Option term (years)	5
Risk free rate of interest per annum (%)	3.60
Expected dividend yield per annum (%)	5.00

34. EMPLOYEE SHARE OPTION SCHEME (CONT'D)

(ii) Employee Share Option Scheme (Batch 2)

The Scheme shall be in force for a duration of ten (10) years from the date of commencement from 23 January 2017. On 3 April 2019, the Company has granted batch 2 options under the Scheme and the options are exercisable within a period of five (5) years from the date commencing from 4 April 2019.

Number of unexercised share option

	Company	
	2022	**2021**
At beginning of financial year	17,044,500	17,511,500
Exercised during the financial year	(3,885,600)	–
Forfeited during the financial year	(601,500)	(467,000)
At end of financial year	12,557,400	17,044,500
Analysed as:-		
Exercisable in financial year 2021	–	5,097,600
Exercisable in financial year 2022	4,378,400	3,413,400
Exercisable in financial year 2023	4,089,500	4,266,750
Exercisable in financial year 2024	4,089,500	4,266,750
	12,557,400	17,044,500

Option price

	Company RM
Option granted	
- on grant date	0.490

Share option exercised during the financial year

During the financial year, 3,885,600 (2021: nil) number of ordinary shares were issued under the Company's ESOS.

Fair value of share option granted

The fair value of share option granted was estimated by an external valuer using the Binomial Model, taking into consideration the terms and conditions upon which the option was granted.

The fair value of the share option measured at grant date and the assumptions are as follow:-

Fair value of share option granted on 4 April 2019 based on vesting date (RM)	
- 4 April 2019	0.125865
- 4 April 2020	0.122563
- 4 April 2021	0.123261
- 4 April 2022	0.123723
- 4 April 2023	0.122789
Expected volatility of Company's share price (%)	28.00
Option term (years)	5
Risk free rate of interest per annum (%)	3.50
Expected dividend yield per annum (%)	4.50

34. EMPLOYEE SHARE OPTION SCHEME (CONT'D)

(iii) Employee Share Option Scheme (Batch 3)

The Scheme shall be in force for a duration of ten (10) years from the date of commencement from 23 January 2017. On 13 September 2021, the Company has granted batch 3 options under the Scheme and the options are exercisable within a period of five (5) years from the date commencing from 14 September 2021.

Number of unexercised share option

	Company 2022
At beginning of financial year	–
Granted during the financial year	15,598,000
Exercised during the financial year	(295,100)
Forfeited during the financial year	(1,966,650)
At end of financial year	13,336,250
Analysed as:-	
Exercisable in financial year 2022	1,017,200
Exercisable in financial year 2023	2,173,950
Exercisable in financial year 2024	2,898,600
Exercisable in financial year 2025	3,623,250
Exercisable in financial year 2026	3,623,250
	13,336,250

Option price

	Company RM
Option granted	
- on grant date	0.470

Share option exercised during the financial year

During the financial year, 295,100 number of ordinary shares were issued under the Company's ESOS.

Fair value of share option granted

The fair value of share option granted was estimated by an external valuer using the Binomial Model, taking into consideration the terms and conditions upon which the option was granted.

The fair value of the share option measured at grant date and the assumptions are as follow:-

Fair value of share option granted on 14 September 2021 based on vesting date (RM)	
- 14 September 2021	0.108224
- 14 September 2022	0.127479
- 14 September 2023	0.136808
- 14 September 2024	0.141973
- 14 September 2025	0.144045
Expected volatility of Company's share price (%)	36.00
Option term (years)	5
Risk free rate of interest per annum (%)	2.70
Expected dividend yield per annum (%)	4.20

35. RELATED PARTY DISCLOSURES

(a) The transactions of the Group and the Company with the related parties were as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Transactions with subsidiary companies:-				
- management fee received	–	–	3,338,430	4,067,048
- dividend received (net)	–	–	23,000,200	23,129,900
- loan interest paid	–	–	–	26,690
- loan from	–	–	–	2,320,000
Transactions with an associate company:-				
- sales	96,653,374	66,033,180	–	–
- purchases	158,826	973,845	–	–
- purchase of property, plant and equipment	–	1,684,970	–	–
- rental received	60,000	145,000	–	–

(b) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 7 and 8 to the Financial Statements.

(c) The remuneration of key management personnel is same with the Directors' remunerations as disclosed in Notes 30 and 33 to the Financial Statements. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The Company has no other members of key management personnel apart from the Board of Directors.

36. CAPITAL COMMITMENTS

	Group	
	2022 RM	2021 RM
Authorised and contracted for:-		
- Crane, machinery, equipment, furniture and fittings	197,775	3,877,182
- Acquisition of a subsidiary company	12,950,000	–
	13,147,775	3,877,182

Notes to the Financial Statements (cont'd)

37. RENTAL COMMITMENTS

The future non-cancellable rental expense commitments are as follows:-

	Group	
	2022 RM	2021 RM
Within the next twelve months	136,320	132,678
After the next twelve months	92,055	52,015
	228,375	184,693

The Group leases warehouse, hostel and office equipment under operating lease for the current financial year. The leases run for a period of 12 to 60 months. Lease payments are negotiated on each renewal.

From 1 March 2019, the Group has recognised right-of-use assets (included in property, plant and equipment for these leases, except for short-term and low-value leases), as disclosed in Note 4 to Financial Statements.

38. OPERATING LEASE ARRANGEMENTS

The Group has entered into operating lease agreements on its assets. These leases have remaining lease terms of 8 to 36 months (2021: 20 months).

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are as follows:-

	Group	
	2022 RM	2021 RM
Within the next twelve months	448,200	26,800
After the next twelve months	975,000	19,200
	1,423,200	46,000

39. OPERATING SEGMENTS – GROUP

(a) Business segments

The Group is organised on three major operating segments. These operating segments are monitored separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit in the consolidated financial statements. The following summary describes the operations in each of the Group's reportable segments:-

Operating segments	Business activities
Trading	Trading, supply and stocking of high pressure seamless and specialised steel pipes, fittings, flanges, valves and other related products.
Manufacturing	Manufacturing and supply of butt-welded carbon steel fittings, high frequency induction long bends, stainless steel and alloy pipes, fittings and related products, as well as milling, machining and welding of tube and pipe fitting in special metals, and also hot dip galvanising, treatment and coating of metals, engineering fabrication works and manufacturing and trading of industrial consumable products.
Investment holding	Investment holding, property investment and management service.

Transfer prices between operating segments are on negotiated basis.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the services.

39. OPERATING SEGMENTS – GROUP (CONT'D)

(a) Business segments (cont'd)

	Trading		Manufacturing		Investment holding		Consolidation adjustments		Notes	Consolidated	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM		2022 RM	2021 RM
Revenue											
External revenue	411,496,198	272,321,555	339,982,573	213,936,061	–	–	–	–		751,478,771	486,257,616
Inter-segment revenue	22,925,207	20,720,605	63,524,900	40,147,799	26,338,630	27,196,948	(112,788,737)	(88,065,352)	A	–	–
Total revenue	434,421,405	293,042,160	403,507,473	254,083,860	26,338,630	27,196,948	(112,788,737)	(88,065,352)		751,478,771	486,257,616
Results											
Segment profit/(loss)	47,048,327	33,521,913	59,007,575	14,412,666	(3,986,515)	(4,932,787)	–	–	B	102,069,387	43,001,792
Interest income	1,408,248	1,348,549	345,449	377,643	214,229	34,915	(395,376)	(660,324)		1,572,550	1,100,783
Impairment of goodwill	–	–	–	(1,194,131)	–	–	–	–		–	(1,194,131)
Finance costs	(2,390,066)	(2,401,110)	(4,113,067)	(4,273,578)	(615,373)	(823,512)	395,376	660,322		(6,723,130)	(6,837,878)
Depreciation and amortisation	(4,027,629)	(4,147,874)	(14,004,867)	(13,901,914)	–	–	(1,208,930)	(1,198,702)		(19,241,426)	(19,248,490)
Share of results of associate company	(176,350)	(57,828)	–	–	–	–	–	–		(176,350)	(57,828)
Income tax expense	(11,458,018)	(7,504,740)	(12,620,628)	(1,045,512)	(1,003,789)	(1,087,838)	92,996	92,996		(24,989,439)	(9,545,094)
Other non-cash expenses	(301,353)	(1,256,512)	(525,375)	(37,082)	(103,896)	(1,383,825)	(39,462)	(108,000)	C	(970,086)	(2,785,419)

39. OPERATING SEGMENTS – GROUP (CONT'D)

(a) Business segments (cont'd)

2022	Trading RM	Manufacturing RM	Investment holding RM	Consolidation adjustments RM	Notes	Consolidated RM
Assets						
Segment assets	587,967,136	548,025,839	333,309,414	(302,798,874)	D	1,166,503,515
Investment in an associate company	2,585,098	–	–	–		2,585,098
Additions to non-current assets other than financial instruments and deferred tax assets	1,351,330	12,436,001	5,500,000	(25,000)	E	19,262,331
Liabilities						
Segment liabilities	156,420,237	20,895,997	19,315,274	(38,441,269)	F	158,190,239
2021						
Assets						
Segment assets	445,301,891	449,845,626	293,575,811	(285,339,080)	D	903,384,248
Investment in an associate company	2,761,448	–	–	–		2,761,448
Additions to non-current assets other than financial instruments and deferred tax assets	1,328,658	14,341,329	85,492	(243,597)	E	15,511,882
Liabilities						
Segment liabilities	33,424,544	17,846,158	18,740,421	(31,534,152)	F	38,476,971

39. OPERATING SEGMENTS – GROUP (CONT'D)

(a) Business segments (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

A. Inter-segment revenues are eliminated on consolidation.

B. The following items are added to/(deducted from) segment profit to arrive at "profit before tax" presented in the consolidated profit or loss:-

	2022 RM	2021 RM
Segment profit	102,069,387	43,001,792
Interest income	1,572,550	1,100,783
Finance costs	(6,723,130)	(6,837,878)
Share of results of associate company	(176,350)	(57,828)
Impairment of goodwill	–	(1,194,131)
Profit before tax	96,742,457	36,012,738

C. Other non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:-

	2022 RM	2021 RM
Allowance for impairment of receivables	(2,203,069)	(3,954,174)
Allowance for impairment of receivables no longer required	2,256,467	2,374,268
Property, plant and equipment written off	(10,276)	(2,291)
Inventories written down	(933,464)	(832,738)
Reversal of inventories written down	651,374	548,827
Gain on disposal of property, plant and equipment	72,612	61,000
Gain on early termination of lease liability	–	153
Unrealised loss on foreign exchange	(80,834)	(254,639)
Employees Share Option Scheme expenses	(761,896)	(725,825)
Fair value gain on other investment	39,000	–
	(970,086)	(2,785,419)

39. OPERATING SEGMENTS – GROUP (CONT'D)

(a) Business segments (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):-

D. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2022 RM	2021 RM
Segment assets	1,166,503,515	903,384,248
Investment in an associate company	2,585,098	2,761,448
Other investment	438,000	–
Deferred tax assets	3,200	3,200
Tax recoverable	536,011	1,057,495
Total assets	1,170,065,824	907,206,391

E. Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	2022 RM	2021 RM
Property, plant and equipment	9,162,845	5,640,055
Capital work-in-progress	4,161,486	9,871,827
Investment properties	5,500,000	–
Other investment	438,000	–
	19,262,331	15,511,882

F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	2022 RM	2021 RM
Segment liabilities	158,190,239	38,476,971
Lease liabilities	11,558,305	13,325,571
Borrowings	219,983,838	163,014,566
Tax payable	2,214,848	3,345,427
Deferred tax liabilities	23,949,044	14,620,469
Total liabilities	415,896,274	232,783,004

39. OPERATING SEGMENTS – GROUP (CONT'D)

(b) Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia *	726,636,482	464,551,840	335,244,078	334,624,613
Republic of Singapore	8,312,874	7,623,139	1,585,809	1,707,510
United Kingdom	16,529,415	14,082,637	12,731,382	13,599,406
	751,478,771	486,257,616	349,561,269	349,931,529

* Company's home country

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:-

	2022 RM	2021 RM
Property, plant and equipment	321,197,797	330,780,509
Capital work-in-progress	13,537,174	10,086,372
Investment in an associate company	2,585,098	2,761,448
Deferred tax assets	3,200	3,200
Other investment	438,000	–
Investment properties	11,800,000	6,300,000
	349,561,269	349,931,529

(c) Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

40. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:-
- Amortised cost (AC);
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit or loss (FVTPL)

40. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

Group

	Carrying amount RM	AC RM	FVTOCI RM	FVTPL RM
2022				
Financial assets				
Other investment	438,000	–	–	438,000
Trade receivables	206,638,758	206,638,758	–	–
Other receivables	22,427,851	1,681,009	–	–
Amount due from an associate company	8,790,172	8,790,172	–	–
Fixed deposits with licensed banks	2,692,726	2,692,726	–	–
Cash and bank balances	178,586,601	178,586,601	–	–
	419,574,108	398,389,266	–	438,000
Financial liabilities				
Derivatives financial instruments	3,940	–	3,940	–
Trade payables	123,837,528	123,837,528	–	–
Other payables	26,152,243	14,962,521	–	–
Borrowings	219,983,838	219,983,838	–	–
	369,977,549	358,783,887	3,940	–
2021				
Financial assets				
Derivatives financial instruments	5,748	–	5,748	–
Trade receivables	94,772,927	94,772,927	–	–
Other receivables	10,812,292	3,212,557	–	–
Amount due from an associate company	23,825,857	23,825,857	–	–
Fixed deposits with licensed banks	2,665,406	2,665,406	–	–
Cash and bank balances	135,050,792	135,050,792	–	–
	267,133,022	259,527,539	5,748	–
Financial liabilities				
Trade payables	20,329,963	20,329,963	–	–
Other payables	14,393,737	13,171,084	–	–
Borrowings	163,014,566	163,014,566	–	–
	197,738,266	196,515,613	–	–

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

Company

	Carrying amount RM	AC RM	FVTOCI RM	FVTPL RM
2022				
Financial assets				
Other receivables	71,849	50,000	–	–
Amount due from subsidiary companies	34,235	34,235	–	–
Cash and bank balances	34,874,555	34,874,555	–	–
	34,980,639	34,958,790	–	–
Financial liability				
Other payables	243,382	243,382	–	–
	243,382	243,382	–	–
2021				
Financial assets				
Derivatives financial instruments	6,615	–	6,615	–
Other receivables	18,639	–	–	–
Amount due from subsidiary companies	29,655	29,655	–	–
Cash and bank balances	3,030,593	3,030,593	–	–
	3,085,502	3,060,248	6,615	–
Financial liabilities				
Borrowings	514,318	514,318	–	–
Other payables	501,973	501,973	–	–
	1,016,291	1,016,291	–	–

40. FINANCIAL INSTRUMENTS (CONT'D)

Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets measured at AC	2,897,857	(1,921,358)	201,093	19,318
Financial liabilities measured at AC	(4,890,557)	(5,892,300)	(2,161)	(101,215)
	(1,992,700)	(7,813,658)	198,932	(81,897)

Included in gains/(losses) on financial instruments categorised as amortised cost are:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total interest income for financial assets	1,572,550	1,100,783	201,093	16,267
Total interest expenses for financial liability	(4,654,929)	(5,557,599)	(2,161)	(101,215)

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are foreign currency risk, interest rate risk, credit risk and liquidity risk.

Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's businesses whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk mostly on its sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Great Britain Pound Sterling ("GBP") and EURO.

The Group uses forward exchange contracts to hedge its foreign currency risk and forward exchange contracts have maturities of less than one year from the reporting date. Where necessary, the forward exchange contracts are rolled over at maturity.

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Foreign currency risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which expose the Group and the Company to currency risk are disclosed below:-

	USD RM	SGD RM	GBP RM	EURO RM
Group				
2022				
Financial assets				
Trade receivables	134,345,533	2,180,444	2,090,486	632,742
Other receivables	302,195	4,359	709,751	31,687
Amount due from an associate company	6,062,264	–	–	–
Cash and bank balances	27,744,235	4,867,435	5,382,244	456,564
	168,454,227	7,052,238	8,182,481	1,120,993
Financial liabilities				
Borrowings	(28,415,664)	–	–	–
Trade payables	(103,000,196)	(1,788,793)	(1,848,350)	(1,011,821)
Other payables	(1,403,173)	(141,123)	(311,041)	–
	(132,819,033)	(1,929,916)	(2,159,391)	(1,011,821)
Net exposure	35,635,194	5,122,322	6,023,090	109,172
2021				
Financial assets				
Trade receivables	26,038,000	134,518	5,377,827	67,405
Other receivables	302,195	4,304	446,925	15,855
Amount due from an associate company	8,442,602	–	–	–
Cash and bank balances	31,843,628	4,431,358	6,324,494	366,744
	66,626,425	4,570,180	12,149,246	450,004
Financial liabilities				
Borrowings	(11,855,656)	–	–	(1,629,505)
Trade payables	(8,855,332)	(1,603,682)	(407,840)	(600,223)
Other payables	(1,239)	(72,913)	(653,585)	–
	(20,712,227)	(1,676,595)	(1,061,425)	(2,229,728)
Net exposure	45,914,198	2,893,585	11,087,821	(1,779,724)

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Foreign currency risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which expose the Group and the Company to currency risk are disclosed below (cont'd):-

	USD RM	SGD RM	GBP RM	EURO RM
Company				
2022				
Financial assets				
Cash and bank balances	–	–	188,907	–
Net exposure	–	–	188,907	–
2021				
Financial asset				
Cash and bank balances	–	–	64,437	–
Net exposure	–	–	64,437	–

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit in regards to the Group's and the Company's financial assets and financial liabilities and the RM/USD exchange rate, RM/SGD exchange rate, RM/GBP exchange rate and RM/EURO exchange rate with 'all other things are being equal'.

It assumes a +/- 3% (2021: 4%) change of the RM/USD, RM/SGD, RM/GBP and RM/EURO exchange rates respectively. The percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Company's foreign currency denominated financial instruments held at each reporting date.

If the RM had strengthened against the USD, SGD, GBP and EURO by 3% (2021: 4%) respectively, this would have the following impact:-

	(Decrease)/Increase on profit for the financial year				
Group	**USD RM**	**SGD RM**	**GBP RM**	**EURO RM**	**Total RM**
2022	(1,069,056)	(153,670)	(180,693)	(3,275)	(1,406,694)
2021	(1,836,568)	(115,743)	(443,513)	71,189	(2,324,635)

Company	**USD RM**	**SGD RM**	**GBP RM**	**EURO RM**	**Total RM**
2022	–	–	(5,667)	–	(5,667)
2021	–	–	(2,577)	–	(2,577)

If the RM had weakened against the USD, SGD, GBP and EURO by 3% (2021: 4%) respectively, then the impact to profit for the financial year would be the opposite effect.

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis (cont'd)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposures to foreign currency risk.

(b) Interest rate risk

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

The Group's and the Company'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 the risk of change in cash flows due to changes in interest rates. Investment in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

Interest rate sensitivity

The Group and the Company are exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's short term placement is considered immaterial.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period is as follows:-

	Group RM	Company RM
2022		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	2,692,726	–
Financial liabilities		
Lease liabilities	(11,558,305)	–
Accepted bills-i	(10,581,782)	–
Bankers' acceptance	(132,154,788)	–
Onshore foreign currency loans	(27,319,862)	–
Clean import loans	(1,095,802)	–
Net financial liabilities	(180,017,813)	–
Floating rate instruments		
Financial liabilities		
Term loans	(3,692,187)	–
Term loans-i	(45,139,417)	–
Net financial liabilities	(48,831,604)	–

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Interest rate risk (cont'd)

Interest rate sensitivity (cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period is as follows (cont'd):-

	Group RM	Company RM
2021		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	2,665,406	–
Financial liabilities		
Lease liabilities	(13,325,571)	–
Accepted bills-i	(5,501,035)	–
Bankers' acceptance	(86,329,197)	–
Onshore foreign currency loans	(11,403,061)	–
Clean import loans	(2,082,100)	–
Term loans	(514,318)	(514,318)
Net financial liabilities	(116,489,876)	(514,318)
Floating rate instruments		
Financial liabilities		
Term loans	(6,100,840)	–
Term loans-i	(51,084,015)	–
Net financial liabilities	(57,184,855)	–

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (2021: 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Decrease)/Increase on profit for the financial year	
	+ 25 bp RM	- 25 bp RM
Group		
2022	(122,079)	122,079
2021	(142,962)	142,962

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group and the Company do not require collateral in respect of financial assets.

The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets summarised at the reporting date, as summarised below:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Classes of financial assets:-				
Cash and cash equivalents	181,279,327	137,716,198	34,874,555	3,030,593
Trade receivables	206,638,758	94,772,927	–	–
Other receivables	1,681,009	3,212,557	50,000	–
Amount due from an associate company	8,790,172	23,825,857	–	–
Amount due from subsidiary companies	–	–	34,235	29,655
Carrying amount	398,389,266	259,527,539	34,958,790	3,060,248

The Group and the Company continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Receivables

Receivables are monitored on an ongoing basis to mitigate risk of bad debts. The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The Group and the Company has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institution with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The ageing analysis of trade receivables of the Group is as follows:-

		← Allowance for impairment loss →			
	Gross RM	Expected credit loss (individually impaired) RM	Expected credit loss (collectively impaired) RM	Total RM	Net RM
2022					
Within terms	63,662,865	–	–	–	63,662,865
Past due 1 to 30 days	53,441,249	–	–	–	53,441,249
Past due 31 to 60 days	67,342,801	–	–	–	67,342,801
Past due 61 to 90 days	15,684,417	–	–	–	15,684,417
Past due 91 to 120 days	3,406,199	–	–	–	3,406,199
Past due more than 120 days	6,770,056	3,668,829	–	3,668,829	3,101,227
	210,307,587	3,668,829	–	3,668,829	206,638,758
2021					
Within terms	45,512,241	–	–	–	45,512,241
Past due 1 to 30 days	21,410,663	–	–	–	21,410,663
Past due 31 to 60 days	15,552,077	–	–	–	15,552,077
Past due 61 to 90 days	6,203,213	–	–	–	6,203,213
Past due 91 to 120 days	2,786,285	–	–	–	2,786,285
Past due more than 120 days	10,273,692	6,965,244	–	6,965,244	3,308,448
	101,738,171	6,965,244	–	6,965,244	94,772,927

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

The Group and the Company perform impairment analysis at each reporting date by monitoring the recoverability of trade receivables based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment. The Group and the Company does not hold collateral or other credit enhancement as security.

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:-

	2022		2021	
	RM	%	RM	%
Top 3 customers	113,078,390	54	11,831,309	12

The net carrying amount of receivables is considered a reasonable approximate of its fair value.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Other receivables

In respect of other receivables, the Group and the Company are not exposed to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics. Based on historical information about customer default rates, the management considers the credit quality of other receivables that are not past due or impaired to be good.

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Cash and bank balances

The credit risk for cash and bank balances including fixed deposits with licensed banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Intercompany loans and advances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group and the Company provides unsecured loans and advances to subsidiary company and monitors the results of the subsidiary company regularly.

As at end of the reporting period, there was no indication that the loans and advances to the subsidiary company are not recoverable.

Financial guarantee

The maximum exposure to credit risk is amounted to RM662,234,186 (2021: RM574,770,312), represented by the outstanding credit facilities of the subsidiary companies as at the end of financial year.

The Company provides unsecured financial guarantees to financial institutions, finance lease creditors and third parties in respect of credit facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the result of the subsidiary companies and repayments made by the subsidiary companies. As at the end of the reporting year, there was no indication that any of the subsidiary companies would default on repayment.

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

(d) Liquidity risk

Liquidity risk is the risk arising from the Group and the Company not being able to meet their obligations due to shortage of funds.

In managing their exposures to liquidity risk, the Group and the Company maintain a level of cash and cash equivalents and bank credit facilities deemed adequate by the management to ensure that they will have sufficient liquidity to meet their liabilities as and when they fall due.

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

	Group			Company		
	Current	Non-current		Current	Non-current	
	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM
2022						
Non-derivative financial liabilities						
Term loans	2,546,867	1,332,014	–	–	–	–
Term loans-i	15,599,271	28,913,494	5,115,283	–	–	–
Bankers' acceptance and accepted bills-i	142,736,570	–	–	–	–	–
Clean import loans	1,095,802	–	–	–	–	–
Onshore foreign currency loans	27,319,862	–	–	–	–	–
Lease liabilities	2,826,003	5,784,580	6,522,239	–	–	–
Trade payables	123,837,528	–	–	–	–	–
Other payables	14,962,521	–	–	243,382	–	–
Total undiscounted financial liabilities	330,924,424	36,030,088	11,637,522	243,382	–	–
Financial guarantees *	–	–	–	662,234,186	–	–
2021						
Non-derivative financial liabilities						
Term loans	3,166,277	3,886,129	–	516,476	–	–
Term loans-i	15,371,045	39,577,021	1,350,306	–	–	–
Bankers' acceptance and accepted bills-i	91,830,232	–	–	–	–	–
Clean import loans	2,082,100	–	–	–	–	–
Onshore foreign currency loans	11,403,061	–	–	–	–	–
Lease liabilities	3,655,684	6,572,393	7,153,423	–	–	–
Trade payables	20,329,963	–	–	–	–	–
Other payables	13,171,084	–	–	501,973	–	–
Total undiscounted financial liabilities	161,009,446	50,035,543	8,503,729	1,018,449	–	–
Financial guarantees *	–	–	–	574,770,312	–	–

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

41. CAPITAL MANAGEMENT OBJECTIVE

The primary capital management objective of the Group is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objectives in financial years ended 2022 and 2021.

The Group manages its capital by regularly monitoring its current and expected liquidity requirement and modify the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group and of the Company are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total equity	754,169,550	674,423,387	278,630,736	250,341,559
Borrowings	219,983,838	163,014,566	–	514,318
Lease liabilities	11,558,305	13,325,571	–	–
	231,542,143	176,340,137	–	514,318
Debt-to-equity ratio	0.31	0.26	0.00	0.00

The Group has complied with Practice Note No. 17 (Revision on 3 August 2009, 22 September 2011 and 25 March 2015) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the Group to maintain a consolidated shareholders' equity of not less than 25% of the issued and paid-up capital of the Company and such shareholders' equity is not less than RM40 million.

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the reporting date are approximately at their fair values due to their short term nature or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Quoted in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
Group				
2022				
Financial asset				
Derivatives				
- Forward currency contract	–	(3,940)	–	(3,940)
	–	(3,940)	–	(3,940)

Notes to the Financial Statements (cont'd)

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (cont'd)

	Quoted in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
Group (cont'd)				
2021				
Financial asset				
Derivatives				
- Cross currency swap	–	6,615	–	6,615
Financial liability				
Derivatives				
- Forward currency contract	–	(867)	–	(867)
	–	5,748	–	5,748
Company				
2022				
Financial asset				
Derivatives				
- Cross currency swap	–	–	–	–
2021				
Financial asset				
Derivatives				
- Cross currency swap	–	6,615	–	6,615

There were no transfers between Level 1 and 2 during the reporting period.

43. SIGNIFICANT EVENT

On 3 January 2022, the Company entered into a Share Sale Agreement with shareholders of Unity Precision Engineering Sdn Bhd ("UPESB") for the acquisition of 400,000 ordinary shares, representing 100% equity interest in UPESB for total purchase consideration of RM13,000,000.

The acquisition of UPESB has been completed on 25 April 2022.

LIST OF PROPERTIES
AS AT 28 FEBRUARY 2022

No.	Tittle deed	Address	(Land area) Gross build-up area Sq.ft.	Tenure	Description/ Existing use	Net Book Value @ 28.2.2022 RM'000	Approximate age of building years	Date of last revaluation
1	HS(D) 484896, PTD 204334, Mukim Plentong, District of Johor Bahru, Johor Darul Takzim	PTD 204334, Jalan Platinum Utama, Pasir Gudang Industrial Estate, Zone 12B, 81700 Pasir Gudang, Johor Darul Takzim	(899,754) 521,171	Leasehold expiring on 18.08.2070	4 blocks single storey factory buildings with 1 unit 3-storey office and 1 unit 5-storey corporate office and ancillary buildings	77,763	9-12	28.02.2020
2	Geran 95058, 95059 and 95060. Lot No. 23190, 23191 and 23192 Mukim Kapar, District of Klang, Selangor Darul Ehsan	Lot 13257, 13258 and 13259, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan	(544,353) 331,485	Freehold	6 units of single storey detached factories (Identified for reference as Factory A, B, C, D, E and F)	50,711	Factory A,B,C - 32 Factory D - 30 Factory E - 15 Factory F - 10	28.02.2020
3	HS(D) 564272, PTD 222449, Mukim Plentong, District of Johor Bahru, Johor Darul Takzim	PTD 222449, Jalan Platinum 3, Pasir Gudang Industrial Estate, Zone 12B, 81700 Pasir Gudang, Johor Darul Takzim.	(317,966) 191,276	Leasehold expiring on 27.03.2076	A single storey warehouse with 1 unit of double storey office	28,920	3	28.02.2020
4	HS(D) 501116, PTD 209335, Mukim Plentong, District of Johor Bahru, Johor Darul Takzim	PLO 641, Jalan Platinum 1, Pasir Gudang Industrial Estate, Zone 12B, 81700 Pasir Gudang, Johor Darul Takzim	(253,920) 107,666	Leasehold expiring on 16.01.2072	2 units of single storey detached warehouse with 1 unit double storey office	22,630	10	28.02.2020
5	HS(D) 563306, PTD 5020, Mukim Sungai Tiram, District of Johor Bahru, Johor Darul Takzim	PLO 7, Jalan Rumbia 4, Kawasan Perindustrian Tanjung Langsat, 81700 Pasir Gudang, Johor Darul Takzim	(189,768) 91,182	Leasehold expiring on 05.04.2075	A single storey detached factory and 1 unit 3-storey office building	18,840	5	28.02.2020
6	HS(M) 29537, Lot PT 34277, Mukim and District of Klang, HS(D) 114965, Lot PT 17296, Pekan Baru Hicom, District of Petaling, Selangor Darul Ehsan	No. 3, Jalan Trompet 33/8, Seksyen 33, 40400 Shah Alam, Selangor Darul Ehsan	(123,549) 32,445	Leasehold expiring on 11.12.2096 & 28.11.2096	A single storey detached warehouse with 2-storey office building annexed	15,496	24	28.02.2020
7	HS(M) 135, PTD 14174 & PTD 14175 (Lot 1433), Mukim Pantai Timor, District of Pengerang, Johor Darul Takzim	PTD 14174, Kampung Bukit Gelugur, 81600 Pengerang, Johor Darul Takzim	(128,404) 51,183	Freehold	A single storey warehouse and an office block	8,918	4	28.02.2020
8	HS(D) 125023, PTD 71061, Mukim Plentong, District of Johor Bahru, Johor Darul Takzim	PLO 234, Jalan Tembaga Satu, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim	(87,123) 43,782	Leasehold expiring on 30.09.2045	A single storey detached warehouse with 3-storey office buildings annexed	5,700	23	28.02.2020
9	SF209083, SF318990, SF211845, SF318991, SF184517 Claymore, Tame Valley Industrial Estate, Tamworth	Claymore Tame Valley Industrial Estate, Tamworth, Staffordshire, B77 5DQ, United Kingdom	(63,310) 33,570	Freehold	5 units of building comprising of factories, warehouses and offices	5,663	34-40	23.03.2020
10	HS(D)523335, PTD 216442, Mukim Plentong, District of Johor Bahru, Johor Darul Takzim	PTD 216442 (PLO 656), Jalan Platinum 1, Kawasan Perindustrian Pasir Gudang, Zon 12B, 81700 Pasir Gudang, Johor Darul Takzim	(109,989) –	Leasehold expiring on 25.06.2073	A parcel of industrial land	5,500	–	05.01.2021

NOTICE OF SIXTEENTH (16TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth (16th) Annual General Meeting of Pantech Group Holdings Berhad ("Pantech" or the "Company") will be held at Meeting Room 2 and 3, Level 2, Renaissance Johor Bahru Hotel, 2, Jalan Permas 11, Bandar Baru Permas Jaya, 81750 Johor Bahru, Johor Darul Takzim on Thursday, 28 July 2022 at 11:00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 28 February 2022 together with the Directors' and Auditors' Reports thereon. ***(Please refer to Explanatory Notes)***

2. To approve the payment of Directors' fees and benefits up to the amount of RM280,000 for the financial year ending 28 February 2023. ***Resolution 1***

3. To approve the payment of the Final Single Tier Dividend of 1.50 sen per ordinary share for the financial year ended 28 February 2022. ***Resolution 2***

4. To re-elect the following Directors retiring pursuant to the Article 26.1 of Company's Constitution and being eligible, offered themselves for re-election:

   4.1 Dato' Chew Ting Leng ***Resolution 3***
   4.2 Mr. To Tai Wai ***Resolution 4***
   4.3 Puan Sakinah binti Salleh ***Resolution 5***

5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 6***

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION** ***Resolution 7***

   AUTHORITY TO ISSUE SHARES BY THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

   "THAT subject always to the Companies Act 2016 ("the Act"), and approvals from any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities") AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION** ***Resolution 8***

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act 2016 ("the Act"), provisions in the Company's Constitution, the Listing Requirements of Bursa Securities and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("Proposed Renewal of Share Buy-Back") 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:

(1) the aggregate number of shares purchased or held does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(2) the maximum fund to be allocated by the Company for the purpose of purchasing such number of ordinary shares shall not exceed the retained profit account of the Company. As at the latest financial year ended 28 February 2022, the audited retained profit account of the Company stood at RM25,406,647;

(3) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:

    (a) at the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting in which the authorisation is obtained, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or

    (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

    (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first;

AND THAT upon completion of the purchase(s) of the ordinary shares of the Company, the Directors of the Company be and are hereby authorised to deal with the ordinary shares so purchased in the following manner:

(a) to cancel the ordinary shares so purchased; or
(b) to retain the ordinary shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on Bursa Securities or subsequently cancelled; or
(c) to retain part of the ordinary shares so purchased as treasury shares and cancel the remainder; or
(d) in any other manner prescribed by the Act, rules, regulations and orders made to the Act, the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Board of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Board may deem fit and expedient in the best interest of the Company."

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

Notice of Sixteenth (16th) Annual General Meeting (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders, a Final Single Tier Dividend of 1.50 sen per ordinary share for the financial year ended 28 February 2022 will be paid on 9 September 2022 to Depositors registered in the Record of Depositors at the closed of business at 5.00 p.m. on 30 August 2022.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 30 August 2022, in respect of ordinary shares; and

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

By order of the Board,
SIEW SUET WEI (MAICSA 7011254)
SSM Practicing Certificate No. 202008001690
LIANG SIEW CHING (MAICSA 7000168)
SSM Practicing Certificate No. 202008000879
Company Secretaries

Kuala Lumpur
Dated : 30 June 2022

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 21 July 2022. Only a depositor whose name appears on the Record of Depositors as at 21 July 2022 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.
6. The Proxy Form must be deposited at the Share Registrar's office, 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, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or may also submit the proxy form electronically via TIIH Online website at https://tiih.online not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
7. The lodging of the Proxy Form will not preclude you from attending, participating and voting in person at the 16th AGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the 16th AGM. Please refer to the Administrative Guide for details of the submission of the Proxy Form.

EXPLANATORY NOTES

8. **Audited Financial Statements for the financial year ended 28 February 2022**

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

9. **Ordinary Resolution No. 1: Payment of Directors' Fees & Benefits**

Pursuant to Section 230(1) of the Companies Act 2016, the shareholders' approval is sought for the proposed payment of Directors' Fees for financial year ended 28 February 2023 and Benefits to the Non-Executive Directors ("NEDs"). The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that the number of NEDs in office until the next AGM remains the same.

10. **Ordinary Resolution No. 3, 4 and 5: Re-election of Directors**

Article 26.1 of the Company's Constitution provides that an election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The Board through its Nominating Committee had assessed each of the retiring Directors, and considered the following factors in determining their eligibility for re-election:

(a) the required mix of skills and experience;
(b) the character, knowledge, expertise, professionalism, integrity and time availability;
(c) the ability to discharge such responsibilities and functions as expected as Director; and
(d) attendance at Board and Committee Meetings

The profiles of the Directors standing for re-election are set out in the Directors' Profile of the Annual Report 2022.

11 **Ordinary Resolution No. 6: Re-appointment of Auditors**

The Board and Audit Committee had at their respective meetings on 27 April 2022 recommended the re-appointment of Grant Thornton Malaysia PLT for the financial year ending 28 February 2023. Grant Thornton Malaysia PLT have met the criteria prescribed under the Paragraph 15.21 of the MMLR and indicated their willingness to continue their services for the next financial year.

12. **Ordinary Resolution No. 7: Authority under Sections 75 And 76 of the Companies Act 2016 for the Directors to allot and issue shares**

The Company had during its 15th AGM held on 18 August 2021 obtained from its shareholders, a general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company and this mandate had not being exercised by the Company.

The proposed Ordinary Resolution 7 is a renewal mandate of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. The mandate, if passed, will give the Directors of the Company, the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors would consider to be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

This mandate would provide the Company the flexibility to raise fund including but not limited to placing of shares to finance future projects, working capital and/or acquisitions without having to convene a general meeting.

Notice of Sixteenth (16th) Annual General Meeting (cont'd)

EXPLANATORY NOTES (CONT'D)

13. **Ordinary Resolution 8 – Proposed Renewal of Share Buy-Back Authority**

This resolution will empower the Directors of the Company to purchase the Company's shares up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 30 June 2022 which has been despatched together with the Company's Annual Report 2022.

STATEMENT ACCOMPANYING NOTICE OF 16TH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individual who are standing for election as Directors (excluding Directors for re-election)

No individual is seeking election as Director at the 16th AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Listing Requirements of Bursa Securities

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 7 as stated in the Notice of the 16th AGM of the Company for details.

SIXTEENTH ANNUAL GENERAL MEETING ("16TH AGM") ADMINISTRATIVE GUIDE

Date and Time : Thursday, 28 July 2022 at 11:00 a.m.
Venue : Meeting Room 2 and 3, Level 2, Renaissance Johor Bahru Hotel,
2, Jalan Permas 11, Bandar Baru Permas Jaya, 81750 Johor Bahru, Johor Darul Takzim

Dear Shareholders of Pantech Group Holdings Berhad ("Pantech" or the "Company")

SAFETY MEASURES IN LIGHT OF THE COVID-19 PANDEMIC

Pursuant to the Reopening Safely Guidelines issued by Ministry of Health on 1 April 2022, considering the Covid-19 Pandemic and to safeguard the health and safety of shareholders, proxies and invited guests who may be attending the 16th AGM in person, please find below the requirements for the 16th AGM:

(a) All attendees are advised to sanitise their hands and wear face mask before entering. Wearing a face mask throughout the 16th AGM proceedings is mandatory.

(b) If you are unwell with sore throat, flu, fever, cough, aches and pains, nasal congestion, diarrhoea or shortness of breath, you are required to comply with the directives issued by Ministry of Health to self-quarantine or seek medical advice and will not be allowed to attend the 16th AGM. You are hereby strongly advised and encouraged to submit your Proxy Form prior to the 16th AGM.

PRE-REGISTRATION TO ATTEND THE ANNUAL GENERAL MEETING

1. Shareholders are required to register ahead of the 16th AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants.

2. Please do read and follow the following procedures to pre-register your physical attendance at the 16th AGM via the TIIH Online website at https://tiih.online :

   - Login in to TIIH Online website with your user name (i.e. e-mail address) and password under the "e-Services". If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
   - Select the corporate event: **"(REGISTRATION) PANTECH GROUP HOLDINGS BERHAD 16TH AGM"**.
   - Read and agree to the Terms & Conditions and confirm the Declaration.
   - Select "Register for Physical Attendance at Meeting Venue".
   - Review your registration and proceed to register.
   - System will send an e-mail to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
   - After verification of your registration against the General Meeting Record of Depositors, the system will send you an e-mail after 26 July 2022 to approve or reject your registration to attend physically at the Meeting Venue.

3. Please note that only a depositor whose name appears on the Record of Depositor as at 21 July 2022 shall be entitled to attend or appoint proxies to attend and/or vote on his/her behalf at the 16th AGM.

Sixteenth Annual General Meeting ("16th AGM") Administrative Guide (cont'd)

PROXY

You may submit your proxy form to Tricor Investor & Issuing House Services Sdn. Bhd ("Tricor") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the proxy form shall not be treated as valid.

You may also submit the proxy form electronically via TIIH Online website at https://tiih.online no later than 11:00 a.m. on 26 July 2022. Please do read and follow the procedures below to submit proxy form electronically.

For the health and safety of shareholders, the Company would like to encourage shareholders to exercise their right to vote at the 16th AGM by appointing the Chairman of the Meeting after taking into consideration of the attendance of the Directors, Top Management, Company Secretary, Poll Administrator, Scrutineers and Auditors at the AGM as their proxy and indicate the voting instructions in the Form of Proxy instead of attending the 16th AGM in person.

ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure		Action
i.	**Steps for Individual Shareholders**	
(a)	Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" by selecting "**Create Account by Individual Holder**". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**PANTECH GROUP HOLDINGS BERHAD 16TH AGM - SUBMISSION OF PROXY FORM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your vote. • Review and confirm your proxy(ies) appointment. • Print proxy form for your record.

Sixteenth Annual General Meeting ("16th AGM") Administrative Guide (cont'd)

ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

Procedure		Action
ii.	**Steps for Corporation or Institutional Shareholders**	
(a)	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the persons stated under "**ENQUIRY**" section below if you need clarifications on the user registration.
(b)	Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online. • Select the corporate event: "**PANTECH GROUP HOLDINGS BERHAD 16TH AGM - SUBMISSION OF PROXY FORM**" • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "SUBMISSION OF PROXY FORM" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxy(ies) by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate event: "**PANTECH GROUP HOLDINGS BERHAD 16TH AGM - SUBMISSION OF PROXY FORM**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

REFRESHMENT

Light refreshment will be provided.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

Tricor Investor & Issuing House Services Sdn Bhd Registration No. 197101000970 (11324-H) Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia		**Telephone Number**
	General Line	603-2783 9299
	Fax Number	603-2783 9222
	Email	is.enquiry@my.tricorglobal.com

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MAY 2022

Number of Shares Issued	:	837,974,022
Voting Rights	:	One Vote Per Ordinary Share
No. of Shareholders	:	9,466

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MAY 2022

Category	No. of Shareholders	% of Shareholders	No. of Shares*	% of Shares*
Less than 100	2,114	22.33	80,109	0.01
100 – 1,000	850	8.99	319,245	0.04
1,001 – 10,000	3,051	32.23	14,900,199	1.81
10,001 – 100,000	2,949	31.15	85,673,129	10.42
100,001 – less than 5% of issued shares	499	5.27	534,540,748	65.04
5% and above of issued shares	3	0.03	186,374,299	22.68
Total	**9,466**	**100.00**	**821,887,729**	**100.00**

Note:
* Excluding **16,086,293** treasury shares retained by the Company

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2022

		Direct		Indirect		
No.	Names	No. of Shares	%*	No. of Shares	%*	
1.	CTL Capital Holding Sdn Bhd	142,349,429	17.32	–	–	
2.	GL Management Agency Sdn Bhd	102,266,209	12.44	–	–	
3.	Dato' Chew Ting Leng	10,118,491	1.23	143,507,444	17.46	(a)
4.	Datin Shum Kah Lin	–	–	153,625,935	18.69	(b)
5.	Dato' Goh Teoh Kean	8,181,321	1.00	102,266,209	12.44	(c)
6.	Datin Lee Sock Kee	–	–	110,447,530	13.44	(d)

Note:
* Excluding a total of **16,086,293** shares bought-back by the Company and retained as treasury shares

Analysis of Shareholdings (cont'd)

DIRECTORS' INTERESTS IN SHARES AS AT 31 MAY 2022

No.	Names	Direct		Indirect		
		No. of Shares	%*	No. of Shares	%*	
1.	Dato' Chew Ting Leng	10,118,491	1.23	143,507,444	17.46	(a)
2.	Dato' Goh Teoh Kean	8,181,321	1.00	102,266,209	12.44	(c)
3.	Tan Ang Ang	13,100,697	1.59	2,538,765	0.31	(e)
4.	To Tai Wai	16,293,126	1.98	–	–	–
5.	Ng Lee Lee	10,159,176	1.24	–	–	–
6.	Sakinah Binti Salleh	301,809	0.04	–	–	–
7.	Lim Yoong Xao	–	–	2,040	0.00	(f)
8.	Nooraini Binti Mohd Yasin	–	–	–	–	–
9.	Dato' Sri Yap Tian Leong	–	–	–	–	–

Notes:

(a) Deemed interested by virtue of his and his spouse Datin Shum Kah Lin's interest in CTL Capital Holding Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("Act") and by virtue of his daughter Ms Chew Zhiyin's direct shareholding in the Company pursuant to Section 59(11) of the Act.

(b) Deemed interested by virtue of her and her spouse Dato' Chew Ting Leng's interest in CTL Capital Holding Sdn Bhd pursuant to Section 8 of the Act, and by virtue of her spouse Dato' Chew Ting Leng's and daughter, Ms Chew Zhiyin's direct shareholdings in the Company pursuant to Section 59(11) of the Act.

(c) Deemed interested by virtue of his and his spouse Datin Lee Sock Kee's interests in GL Management Agency Sdn Bhd pursuant to Section 8 of the Act.

(d) Deemed interested by virtue of her and her spouse Dato' Goh Teoh Kean's interests in GL Management Agency Sdn Bhd pursuant to Section 8 of the Act, and by virtue of her spouse Dato' Goh Teoh Kean's direct shareholding in the Company pursuant to Section 59(11) of the Act.

(e) Deemed interested by virtue of his spouse Madam Yong Yui Kiew's and son, Mr Jairus Tan Vern Hsien's direct shareholdings in the Company pursuant to Section 59(11) of the Act.

(f) Deemed interested by virtue of his spouse Madam Wong Hui Chin's direct shareholding in the Company pursuant to Section 59(11) of the Act.

* Excluding a total of **16,086,293** shares bought-back by the Company and retained as treasury shares

Analysis of Shareholdings (cont'd)

30 LARGEST SHAREHOLDERS AS AT 31 MAY 2022

No.	Shareholders	Shareholdings	%*
1.	CTL CAPITAL HOLDING SDN BHD	78,510,557	9.55
2.	GL MANAGEMENT AGENCY SDN BHD	54,454,411	6.63
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GL MANAGEMENT AGENCY SDN BHD	47,811,798	5.82
4.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CTL CAPITAL HOLDING SDN BHD	36,712,509	4.47
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	26,686,906	3.25
6.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR YEOMAN 3-RIGHTS VALUE ASIA FUND (PTSL)	22,750,000	2.77
7.	LEE LIANG MONG	22,559,974	2.74
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CTL CAPITAL HOLDING SDN BHD (8089199)	21,528,830	2.62
9.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND	15,400,000	1.87
10.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	13,265,300	1.61
11.	DATO' CHEW TING LENG	10,118,491	1.23
12.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG ASIA-PACIFIC DIVIDEND FUND	8,700,000	1.06
13.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	8,480,600	1.03
14.	DATO' GOH TEOH KEAN	8,181,321	1.00
15.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	8,125,200	0.99
16.	TO TAI WAI	7,765,892	0.94
17.	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	7,500,000	0.91
18.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	7,419,900	0.90
19.	KONG CHIONG LEE	7,283,002	0.89
20.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH AGGRESSIVE FUND	7,033,000	0.86
21.	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	6,750,000	0.82
22.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	6,500,080	0.79
23.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	6,000,000	0.73
24.	CTL CAPITAL HOLDING SDN BHD	5,597,533	0.68
25.	NG LEE LEE	5,593,539	0.68
26.	TAN ANG ANG	5,110,592	0.62
27.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	5,000,000	0.61
28.	NG LEE LEE	4,565,637	0.56
29.	TO TAI WAI	4,544,402	0.55
30.	LEE LIANG MONG	4,238,295	0.52
	TOTAL :	**474,187,769**	**57.70**

* Excluding a total of **16,086,293** shares bought-back by the Company and retained as treasury shares

PANTECH GROUP HOLDINGS BERHAD

200601013856 (733607-W)

No. of ordinary shares held	
CDS Account No.	

PROXY FORM

(Before completing this form please refer to the notes below)

I/We ..... I/C No./Co. No./ .....
(Full name in Capital Letters)

of .....
(Full address)

being a member/members of **PANTECH GROUP HOLDINGS BERHAD**, hereby appoint the following person(s):-

Name of proxy	NRIC No.	No. of shares or % of shares to be represented by each proxy
1.		
2.		

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Sixteenth (16th) Annual General Meeting ("AGM") of the Company to be held at Meeting Room 2 and 3, Level 2, Renaissance Johor Bahru Hotel, 2, Jalan Permas 11, Bandar Baru Permas Jaya, 81750 Johor Bahru, Johor Darul Takzim on Thursday, 28 July 2022 at 11.00 a.m. My/our proxy/proxies is to vote as indicated below:-

		PROXY 1		PROXY 2	
		FOR	AGAINST	FOR	AGAINST
ORDINARY RESOLUTION					
1.	To approve the payment of Directors' fees and benefits up to the amount of RM280,000 for the financial year ending 28 February 2023.				
2.	To approve the payment of the Final Single Tier Dividend of 1.50 sen per ordinary share for the financial year ended 28 February 2022.				
3.	To re-elect Dato' Chew Ting Leng who retires pursuant to Article 26.1.				
4.	To re-elect Mr. To Tai Wai who retires pursuant to Article 26.1.				
5.	To re-elect Puan Sakinah binti Salleh who retires pursuant to Article 26.1.				
6.	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	SPECIAL BUSINESS				
7.	Authority to issue shares by the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.				
8.	Proposed Renewal of Share Buy-Back Authority.				

Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

.....
Signature of Shareholder(s)/Common Seal

Signed this ..... day of 2022

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 21 July 2022. Only a depositor whose name appears on the Record of Depositors as at 21 July 2022 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized
6. The Proxy Form must be deposited at the Share Registrar's office, 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, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
7. The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 16th AGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the 16th AGM. Please refer to the Administrative Guide for details of the submission of the Proxy Form.

Fold this flap for sealing

Then fold here

"16TH ANNUAL GENERAL MEETING"

AFFIX
STAMP

THE SHARE REGISTRAR of
PANTECH GROUP HOLDINGS BERHAD

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

1st fold here

PANTECH CORPORATION SDN. BHD.
198801008964 (176321-P)

Johor Bahru Head Office

PTD 204334
Jalan Platinum Utama
Kawasan Perindustrian Pasir Gudang
Zon 12B
81700 Pasir Gudang
Johor Darul Takzim, Malaysia
Tel: +607 259 7979 I **Fax:** + 607 256 7588/7589
Email: info@pantechcorp.com

Shah Alam Office & Warehouse

No. 3, Jalan Trompet 33/8
Seksyen 33, 40400 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel: +603 5192 7995 I **Fax:** +603 5192 7992
Email: infosa@pantechcorp.com

Port Klang Free Zone Warehouse

Persiaran Port Klang FZ 7, Jalan FZ 6-P1
Port Klang Free Zone / KS 12
42920 Pulau Indah
Selangor Darul Ehsan, Malaysia
Tel: +603 3101 3767 I **Fax:** +603 3101 4767
Email: info@pantechcorp.com

Pengerang Warehouse

Lot LO129, Kampung Bukit Gelugur
81600 Pengerang
Johor Darul Takzim, Malaysia
Tel: +6019 751 0988
Email: info@pantechcorp.com

PANTECH (KUANTAN) SDN. BHD.
199001000048 (191606-U)

Kuantan Office & Warehouse

Lot 5, Jalan Industri Semambu 2
Kawasan Perindustrian Semambu
25350 Kuantan
Pahang Darul Makmur, Malaysia
Tel: +609 568 7550 I **Fax:** +609 568 7553
Email: infokuantan@pantechcorp.com

PANAFLO CONTROLS PTE. LTD.
(200413822 D)

Singapore Office

No. 7, Soon Lee Street
#04-42 ISpace
Singapore 627608
Tel: +65 6562 3048 I **Fax:** +65 6562 3148
Email: info@panaflocontrols.com.sg

PANTECH STEEL INDUSTRIES SDN. BHD.
200001007126 (509731-A)

Manufacturer

Lot 13258 & 13259
Jalan Haji Abdul Manan
Off Jalan Meru
42200 Kapar
Selangor Darul Ehsan, Malaysia
Tel: +603 3393 1633 I **Fax:** +603 3392 8966
Email: info@pantechsteel.com

PANTECH STAINLESS & ALLOY INDUSTRIES SDN. BHD.
200601013677 (733428-W)

Manufacturer

PTD 204334
Jalan Platinum Utama
Kawasan Perindustrian Pasir Gudang
Zon 12B
81700 Pasir Gudang
Johor Darul Takzim, Malaysia
Tel: +607 251 8888 I **Fax:** +607 251 9999
Email: info@pantechssalloy.com

NAUTIC STEELS LIMITED, UNITED KINGDOM
(02302004)

Manufacturer

Nautic House, Claymore,
Tame Valley Industrial Estate,
Tamworth, Staffordshire,
England, B77 5DQ
Tel: +44 (0)1827 281111 I **Fax:** +44 (0)1827 281444
Email: sales@nautic.co.uk

PANTECH GALVANISING SDN. BHD.
201501036779 (1162100-W)

Hot-dip Galvanising Plant

PLO 7, Jalan Rumbia 4
Kawasan Perindustrian Tanjung Langsat
81700 Pasir Gudang
Johor Darul Takzim, Malaysia
Tel: +607 257 5800 I **Fax:** +607 257 5888
Email: info@pantechgalv.com

UNITY PRECISION ENGINEERING SDN. BHD.
200301035879 (638300-M)

Manufacturer

No.1, Jalan Desa Tropika 2/2
Taman Perindustrian Tropika
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