PENTAMASTER CORPORATION BERHAD

200201004644 (572307-U)

Shaping Tomorrow With TECHNOLOGY INNOVATIONS

Vision

“To be the leader and world class automation solutions provider in the global market”

Mission

“We are committed to delivering high quality and cost-effective solutions with latest technology as well as providing value-added services to our customers and benefits to our vendors, employees and the community as a whole”

About The Cover

Shaping Tomorrow with TECHNOLOGY INNOVATIONS

As part of its diversification into the medical technology sector to meet growing market demand, Pentamaster Corporation Berhad has been ramping up its capabilities in medical automation by tapping on latest technologies in automation assembly solutions to enhance value creation, as seen by the integrated healthcare model depicted.

Playing a role in Malaysia’s development as a medical hub in the region, the Company leads the stride as a tour de force of the medical industry with its in-depth automation experience and equipment know-how. Manifesting its motto of "Think Automation Think Pentamaster", Pentamaster's extensive expertise in complex assembly processes spurs the development of new medical equipment prototypes for its clientele at the forefront of healthcare frontiers.

Synergising human strengths with automation to drive the future of care, the Company's state-of-the-art catheter assembly machines and strong manufacturing capabilities are truly helping to shape a better tomorrow, as the Company contributes to dynamic developments through smaller, less invasive devices and high-performance catheter machines built on precision.

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Corporate Information

BOARD OF DIRECTORS

CHUAH CHOON BIN
Executive Chairman

GAN PEI JOO
Executive Director

LEE KEAN CHEONG
Independent Non-Executive Director

ROSLINDA BINTI AHMAD
Independent Non-Executive Director

DATO' LOH NAM HOOI
Non-Independent Non-Executive Director

LENG KEAN YONG
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
LEE KEAN CHEONG
Independent Non-Executive Director

Members
DATO' LOH NAM HOOI
Non-Independent Non-Executive Director

ROSLINDA BINTI AHMAD
Independent Non-Executive Director

COMPANY SECRETARIES

ONG LU SEE (LS 0006228)
SSM PC No: 201908001450

KONG SOWN KAEY (MAICSA 7047655)
SSM PC No: 202008001434

AUDITORS

GRANT THORNTON MALAYSIA PLT
Level 5
Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS

Plot 18 & 19, Technoplex
Medan Bayan Lepas
Taman Perindustrian Bayan Lepas, Phase IV
11900 Penang, Malaysia

Tel : 04-646 9212
Fax : 04-646 7212
Website : www.pentamaster.com.my

REGISTERED OFFICE

35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya, Penang, Malaysia
Tel : 04-397 6672
Fax : 04-397 6675

SHARE REGISTRAR

SECURITIES SERVICES (HOLDINGS) SDN. BHD.
Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 Penang, Malaysia
Tel : 04-263 1966
Fax : 04-262 8544

BANKERS

AmBank (M) Berhad
Bank of China (Malaysia) Berhad
Bank of China (Hong Kong) Limited
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
M & A Securities Sdn. Bhd.
Phillip Mutual Berhad
Public Bank Berhad
RHB Asset Management Sdn. Bhd.
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

MAIN MARKET OF
BURSA MALAYSIA SECURITIES BERHAD
("BURSA MALAYSIA")
Sector : Technology
Stock Name : Penta
Stock Code : 7160

Corporate Structure

AS AT 26 APRIL 2024

PENTAMASTER CORPORATION BERHAD
200201004644 (572307-U)
(Malaysia)
("Company")

100%
Origo Ventures (M) Sdn. Bhd.
201401027996 (1104082-X)
(Malaysia)
("Origo")

100%
Pentamaster Smart Solution Sdn. Bhd.
200301023077 (625497-H)
(Malaysia)
("Pentamaster Smart Solution")

63.90%
Pentamaster International Limited
檳傑科達國際有限公司
(MC-323853)
(Cayman Islands)
("Pentamaster International")

100%
Pentamaster InnoTeq Sdn. Bhd.
202101030723 (1431023-V)
(Malaysia)
("Pentamaster InnoTeq")

100%
Pentamaster Technology (M) Sdn. Bhd.
199501007290 (336488-H)
(Malaysia)
("Pentamaster Technology")

100%
Pentamaster Instrumentation Sdn. Bhd.
200301034952 (637373-M)
(Malaysia)
("Pentamaster Instrumentation")

100%
Pentamaster Equipment Manufacturing Sdn. Bhd.
200601029409 (749166-A)
(Malaysia)
("Pentamaster Equipment")

100%
Pentamaster MediQ Sdn. Bhd.
202001017008 (1373328-W)
(Malaysia)
("Pentamaster MediQ")

100%
Pentamaster Technology (Jiangsu) Limited
91320507MA25TXWQXP
(China)
("Pentamaster Jiangsu")

100%
Pentamaster Technology (M) Sdn. Bhd. (Singapore Branch)
T18FC0094F
(Singapore)
("Pentamaster Singapore")

100%
Pentamaster Automation (Japan) Co., Ltd.
1020003020389
(Japan)
("Pentamaster Japan")

100%
Pentamaster Automation (Germany) GmbH
HRB 283547
(Germany)
("Pentamaster Germany")

35.64%
Penang Automation Cluster Sdn. Bhd.
201601021441 (1192380-V)
(Malaysia)
("PAC")

100%
Pentamaster Equipment Manufacturing, Inc.
82-4120867
(United States)
("Pentamaster US")

100%
TP Concept Sdn. Bhd.
201001040387 (924312-H)
(Malaysia)
("TP Concept")

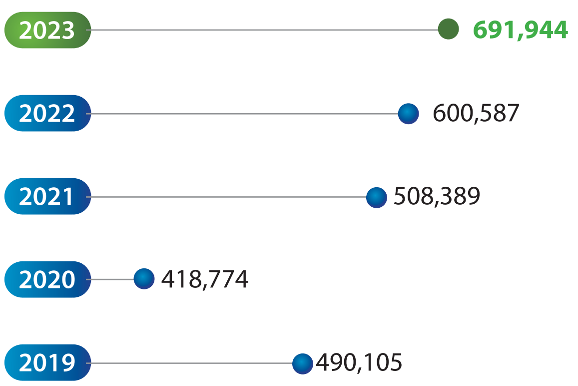
85%
Pentamaster Eva Sdn. Bhd.
202401012789 (1558639-W)
(Malaysia)
("Pentamaster Eva")
Incorporated on 29 March 2024

Pentamaster Corporation Berhad and its subsidiaries are collectively referred to as "Pentamaster Group" or the "Group"

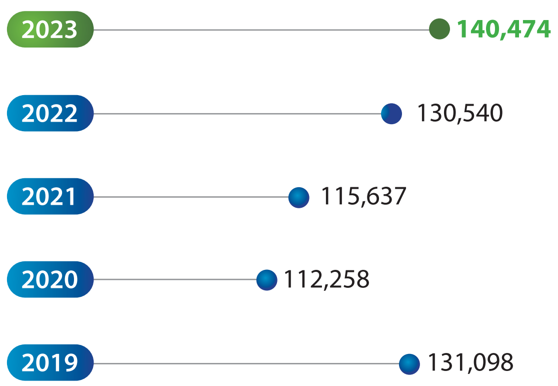
Financial Summary

	2023 **RM'000**	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	**691,944**	600,587	508,389	418,774	490,105
Profit before taxation	**141,426**	132,084	119,466	113,140	138,897
Profit after taxation	**140,474**	130,540	115,637	112,258	131,098
Profit attributable to:					
Owners of the Company	**89,128**	82,419	72,911	70,885	83,042
Non-controlling interests	**51,346**	48,121	42,726	41,373	48,056
ASSETS AND LIABILITIES					
Total assets	**1,317,890**	1,158,169	984,514	833,101	737,570
Total liabilities	**312,332**	265,428	188,895	127,798	141,684
Net assets	**1,005,558**	892,741	795,619	705,303	595,886

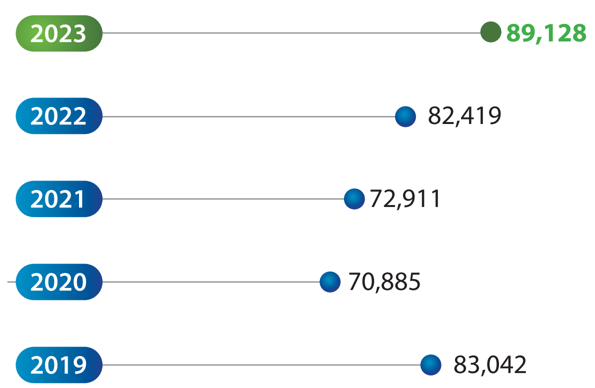
REVENUE
(RM'000)



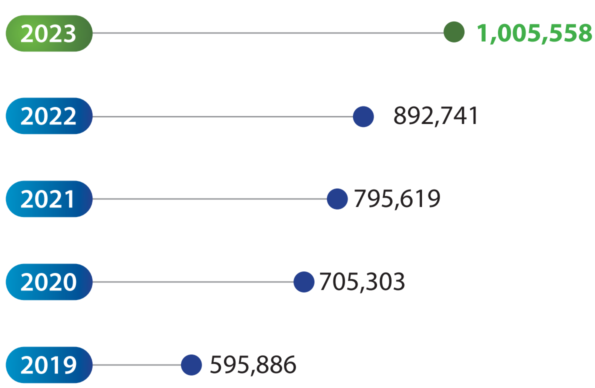
PROFIT AFTER TAXATION
(RM'000)



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



NET ASSETS
(RM'000)



Chairman's Statement

Dear Shareholders,

Despite the market and business challenges in 2023, the Group has once again defied the odds in achieving a remarkable revenue of RM691.9 million, marking a commendable double-digit growth of 15.2% for the year. The Group's profit after taxation reached RM140.5 million, a record for Pentamaster Group. Such accomplishment can be credited to our dynamic and forward-thinking approach in prioritising innovation, besides positioning strategically with a 3-pillar diversification plan that are designed to mitigate reliance on single industry, customer or product. This agile and pro-active approach have enabled the Group to respond to the current geopolitical and business market landscape that is so volatile and cyclical. In today's rapidly changing technological landscape mixed with the macro environment, achieving success requires more than just responding to market challenges—it also necessitates the continual development of innovative strategies through ongoing research and development ("R&D") to maintain a competitive advantage. Against this backdrop, our core philosophy revolves around the principle of "Innovate and Lead".

The trade tensions between the United States and China alongside the diversification efforts have opened up avenues for the Group to attract new customers and explore untapped markets with new solutions. As a result, there was a notable increase in the Group's customer base. As it is, we are witnessing promising growth prospects in the automotive and medical segments as the Group geared onto its expansion phase as part of its "Grand Roadmap & Key Focus 2022-2025" business plan.

Looking ahead, we are enthusiastic about sustaining our growth momentum by leveraging across our talented workforce, comprehensive product solutions, our track record and positioning, coupled with our financial standing in reinforcing our core competencies as a total automation solution house. Going forward, the Group will actively stay ahead of the technology curve in seeking new business segments for growth.

Chairman's Statement

The Year in Review

In the financial year 2023, the Group experienced growth in revenue across its several business segments. Notably, the automotive and medical devices segments continued to register remarkable growth rates of 29.2% and 75.2% respectively. For the second year consecutively, the automotive segment continued to account for the largest portion of the Group's revenue at 47.6% which was primarily fueled by a structural shift in the automotive industry towards e-mobility, with global automotive companies and related component manufacturers showing increased interest in our comprehensive product line, from wafer level burn-in tester for Silicon Carbide ("SiC") to back-end assembly and test solutions for power modules.

As for the Group's medical devices division, it continued to experience significant growth during the year, contributing 21.4% to the Group's revenue compared to 14.1% in 2022. This remarkable leap in revenue was mainly driven by the escalating demand for medical technology applications and growing emphasis on better productivity, higher precision and operational efficiency. The Group's strategic foresight has played a crucial role in positioning itself for sustained growth within the dynamic healthcare landscape. This entails not only developing cutting-edge automation solutions but also anticipating future and evolving market trends, investing in R&D, talent development and establishing strategic partnerships and distribution channels.

Despite the cyclical nature and competitive environment of the semiconductor industry, the Group's test solutions for this business segment seemed to show stability and strong support over the past few years. Since the onset of the pandemic in 2020, revenue from the semiconductor segment has consistently grown at a double-digit rate, driven mainly by the growth of integrated chips and fifth generation higher performing, ultra speed semiconductor content. For the financial year 2023, the semiconductor segment grew by 23.6% as compared to 2022.

Overall, despite another challenging year in 2023, the Group has not only weathered the storm but also demonstrated its robust business sustainability and resilience. Our diversification strategy has provided us with resilience against market fluctuations and economic downturns that have affected certain sectors. It is heartening to witness how the Group managed to maintain a stable revenue stream and profitability, even when faced with challenges in certain industries. This strategic approach has proven effective in safeguarding our business and ensuring sustainable growth over time.

Initiatives for Future Growth

In the fiercely competitive and evolving realm of technology sector, Pentamaster must move swiftly to capitalise on emerging trends in propelling its next growth phase. With the rise of artificial intelligence ("AI"), renewable energy ("RE") and demanding test specifications for high power and high current functionality test, there exist numerous prospects for Pentamaster to broaden its range of products in further anchoring its market footprint.

At Pentamaster, we are fully committed to focusing our R&D that endeavours on establishing ourselves as a global leader, maintaining a competitive edge in both technology and cost efficiency. We take immense pride in our achievement in developing a proprietary SiC wafer burn-in system, placing us among the top four manufacturers globally. This accomplishment has empowered us to carve out a specialised market niche, contributing significantly to the expansion of this specific sub-segment and reinforcing our standing within the automotive business segment. Since 2023, we have been actively advancing our capabilities in this automotive business segment with "Known Good Die" ("KGD") test solution. KGD testing entails thorough testing of the entire silicon wafers during production, ensuring that bare die or unpackaged integrated chips ("IC") exhibit the same level of quality and reliability as packaged devices. Again, such breakthrough will place the Group in its leading edge among global manufacturers for test solutions for the automotive segment.

As part of our diversification strategy in "innovating" and "leading" in our industry, the Group is also undertaking unorthodox approach in tackling operation obstacles such as resource limitations, prolonged time-to-market and restricted market reach. In addressing these challenges, we are currently focusing on two main initiatives. Firstly, we are proactively establishing partnerships with AI technology providers to seamlessly integrate intelligent automation solutions into our product solutions in creating new product line that can manifest itself to cater for the AI test requirements. Secondly, we are working with strategic alliances specialising in alternative energy sources for product solutions to cater for this new RE business segments. By closely working with these partners, our objective is to expedite the creation of automation solutions for such new emerging technology trend and in expediting time-to-market for the next business growth phase.

Initiatives for Future Growth (cont'd)

In the current market landscape, where other factors impact sales growth beyond just technology and cost, Environmental, Social and Governance (“ESG”) has emerged as a crucial aspect that appeals to our customers and shareholders. In addition to ensuring ESG compliance across our factory operations, administration and product offerings, we are committed to prioritising eco-friendliness and minimising consumable waste. Leveraging the expertise of our European team in Germany and Poland, which is closely tied to strong ESG-compliant Europe region, we aim to incorporate and develop more ESG-compliant product solutions in our future product roadmap. In ensuring a sustainable business practice with strong emphasis on ESG compliance factors, we aim to play our part as a good corporate citizen towards a greener earth with responsibilities towards the society where we operate in, governed by good governance framework. With this, we aim towards a sustainable business group of Pentamaster in many years to come.

Appreciation

I want to extend my sincere thanks to our valued shareholders, customers and business partners for their steadfast support and trust during the demanding past year, especially as we slowly recover from the unprecedented pandemic situation as witnessed in 2020. I'm also grateful to my fellow board members for their invaluable counsel and support, and to our entire staff for their exceptional diligence and dedication.

Finally, I express gratitude to the Almighty for His unwavering guidance and support, whether amidst prosperity or adversity. His abundant blessings have been the cornerstone of our journey towards triumph, as Psalm 23:4 reminds us, "Even though I walk through the darkest valley, I will fear no evil, for you are with me; your rod and your staff, they comfort me."

CHUAH CHOON BIN
Executive Chairman

Management Discussion and Analysis

BUSINESS REVIEW

In 2023, businesses continued to face multitude of challenges as global economic landscape continued to remain fragile and volatile. Throughout the year, geopolitical tensions continued to cast a pervasive shadow over international trade and relations, with unresolved conflicts affecting a post COVID-19 recovery in global trades. The Sino-US technology war and the Russian-Ukraine crisis do not seem to abate, leading to an erratic supply chain and rising material prices that have impacted business planning across multiple industries across different regions. This confluence of economic obstacles has hindered an overall global business and economic growth. In the face of these challenges, the Group operated in an environment fraught with uncertainties but at the same time, managed to demonstrate resilience and adaptability despite the adversities.

Facing such instability, the Group was thankful in delivering another set of sustainable financial performance given the macro situation. During the financial year under review, the Group managed to record RM691.9 million in revenue, which represented an increase of 15.2% from the preceding year's revenue of RM600.6 million. Since 2020 with the impact of COVID-19, the Group has continued to recover back to its trajectory growth path and it is worth noting that the 2023 revenue has set another record milestone for the Group. This marked the third consecutive year of the Group in achieving a double-digit revenue growth notwithstanding the arduous global trade landscape. During the year, revenue growth for the Group was driven by both the automated test equipment ("ATE") and factory automation solutions ("FAS") segments, with each segment contributing approximately 65.4% and 34.6% respectively to the Group. The Group also reported a profit after taxation of RM140.5 million for FY2023, a new record that surpassed the previous record of RM130.5 million achieved in 2022, representing an improvement of 7.6% year-on-year. These financial matrix and performance signified the Group's commendable financial strength and resilience as it remains committed with its business strategies and goal plans.

During the financial year under review, the Group continued to experience year-on-year revenue growth across most of its business segments. In particular, the automotive and medical devices segments posted continuous positive momentum, with both segments registering double-digit growth rate. Such results signified the strategic focus by the Group in these two sectors over the past few years, with the aim to broaden its market exposure and capitalise on high-growth opportunities. Similarly, the semiconductor industry within the Group also demonstrated double-digit revenue growth, albeit the overall headwinds faced by the technology sector in 2023. On the other hand, the Group's electro-optical segment and consumer and industrial products segment contracted 44.4% and 24.4% respectively in 2023 as compared to the previous year.

During the year and consecutively for two years, the Group's automotive segment remained robust with its highest contribution to the Group's overall revenue, at approximately 47.6%. This represented a double-digit revenue growth rate of 29.2% as compared to 2022. Structurally, the demand for carbon emission free vehicles is rapidly gaining the attention of global economies with multiple government incentives, subsidies and tax benefits driving the overall sales growth for e-mobility. It has been forecasted that the global electric mobility market size is projected to grow to USD1,507 billion in 2028, representing a Compound Annual Growth Rate ("CAGR") of 27.0% in the 2021-2028 period. This subsequently drive the demand and capital expenditure for the device and equipment markets supporting the overall electric vehicles ("EVs") market, with forecast for such capital expenditure estimated at 27.0% CAGR till 2030. With the Group's comprehensive end-to-end suite of automotive test solutions, such market dynamics has propelled this segment's revenue contribution to the Group. During the financial year under review, demand for the Group's automotive test solutions from China stood at 33.7%, followed by the United States (24.2%), Vietnam (21.0%), Malaysia (9.9%), Europe (4.4%) and Japan (3.1%).

For the Group's medical devices segment, it continued to show great potential during the year. Contribution from this business segment increased impressively from 14.1% in 2022 to 21.4% of the overall Group's revenue, reflecting a remarkable year-on-year growth of 75.2%. Such significant jump was predominantly contributed by the demand for medical technology ("MedTech") application for better productivity and efficiency, leveraging on the Group's proprietary intelligent Automated Robotic Manufacturing System ("i-ARMS") in medical manufacturing automation. With the global medical automation market estimated to grow at a CAGR of 7.8% for the 2023-2033 period, this business segment has tremendous market opportunities for the Group to further position itself for a potentially multibillion-dollar market size.

BUSINESS REVIEW (CONT'D)

Besides medical manufacturing automation, the Group is heartened to witness a significant milestone in its single-use medical devices during the year. Having secured both the ISO13485 certification and the medical device registration certificate from the Malaysian Medical Device Authority ("MDA") for its intravenous catheter ("IVC"), the Group, through its subsidiary company, Pentamaster MediQ has formally submitted its IVC application to the Notified Body for CE Mark registration where the product review has commenced in September 2023. Pentamaster MediQ aims to achieve CE mark registration by the end of 2024 as such certification will serve as an important platform for the Group to penetrate its IVC into the European and Middle East regions. Meanwhile, with the MDA in place, Pentamaster MediQ is currently validating the manufacturing process of its IVC for product distribution in Malaysia with the subsequent plan to expand its product coverage into the broader ASEAN market.

In the semiconductor segment, the Group has continued to witness sustainable growth trend post COVID-19 with a year-on-year increase of 23.6% as compared to the previous year. Revenue contribution from this segment rose slightly to 15.0% of the Group's total revenue from 14.0% achieved in the preceding year. While the Group anticipated a "normalisation" for this segment post the pandemic, the surge in digital technology advancements, especially Artificial Intelligence ("AI") had fundamentally reshaped the landscape of the test handling market, driving an uptick in demand for test handling equipment. Excluding the memory for consumer electronics, global semiconductor chip for automotive and industrials such as data centers are still facing supply constraints. This has effectively allowed the Group to continue to maintain its growth in this segment, and to further capitalise any opportunities in the fifth generation higher performing, ultra speed semiconductor requirements.

Meanwhile, the Group's electro-optical segment contributed approximately 9.5% towards the Group's total revenue during the year, marking a significant decline from 19.5% recorded in the previous year. Amidst a sluggish global economic recovery and a climate of high interest rates and inflation, the demand for consumer electronics and smartphone remained subdued. In 2023, smartphone shipments totalled 1.14 billion, a 4.0% decline vis-à-vis 2022 according to Canalys. The overall industry headwinds faced by this segment led to a subdued demand for the Group's smart device test solutions during the year. Looking ahead, the Group does not foresee a robust recovery from this segment to occur anytime soon given the current absence of significant technology upgrades in smartphone technology. While AI smartphone will be inescapable coming into year 2024, the mass adoption and ownership are still at its infancy stage and with the Group's holistic test solution and its experience, the Group will be well positioned to capture any significant structural growth for this business segment going forward.

The Group's consumer and industrial products segment also witnessed a decline in share of wallet contribution to the Group's revenue, declining from 10.0% in 2022 to 6.5% for the year. The overall sentiment of this segment remained fairly muted with a prevailing sense of caution among manufacturing companies and contract manufacturers, with prudent capital expenditure ("capex") or deferment of it. However, the Group remains engaged with its existing customers within this segment to ensure the needs and requirements of the customers are met for the next capex cycle uptick upon condition improvement.

Overall, the Group has demonstrated its business sustainability against the backdrop of yet another tumultuous year in 2023. The significance of the Group's financial achievements throughout the year extended beyond a simple rebound as it reflected the Group's focus on its business fundamentals, effective resource allocation, cost optimisation and strategic planning that revolved around diversification across products, segments and geographical footprint. It is heartening to see how the Group experienced a remarkable CAGR exceeding 20.0% for both its top-line and bottom-line performance over the past five years owing to the Group's fundamentals in place and its strategic business initiatives that have been put in action.

BUSINESS REVIEW (CONT'D)

The following table sets out revenue breakdown by customers' segment for both the ATE and FAS segments:

By industry

For the financial year ended 31 December

	2023		2022	
	RM'000	**%**	RM'000	%
Automotive	**329,392**	**47.6**	254,856	42.4
Medical devices	**148,197**	**21.4**	84,581	14.1
Semiconductor	**103,794**	**15.0**	84,001	14.0
Electro-Optical	**65,315**	**9.5**	117,409	19.5
Consumer and industrial products	**45,152**	**6.5**	59,740	10.0
Others	**94**	**n.m.**	-	-
	691,944	**100.0**	600,587	100.0

During the year, majority of the Group's revenue was contributed by the top five shipment destinations from Malaysia, China (inclusive of Hong Kong), Vietnam, Taiwan and United States. These key markets collectively accounted for approximately 91.3% of the Group's revenue in 2023 as opposed to the 90.0% contribution from the top five markets in 2022.

By shipment

For the financial year ended 31 December

	2023		2022	
	RM'000	**%**	RM'000	%
Malaysia	**285,861**	**41.3**	180,089	30.0
China	**232,707**	**33.6**	271,431	45.2
Vietnam	**70,920**	**10.2**	40,284	6.7
Taiwan	**26,868**	**3.9**	24,259	4.0
United States	**15,331**	**2.2**	12,018	2.0
Singapore	**15,125**	**2.2**	24,716	4.1
Japan	**13,149**	**1.9**	19,928	3.3
Morocco	**8,614**	**1.2**	–	–
Thailand	**7,641**	**1.1**	6,303	1.1
Philippines	**5,475**	**0.8**	4,898	0.8
Others	**10,253**	**1.6**	16,661	2.8
	691,944	**100.0**	600,587	100.0

FINANCIAL REVIEW

Revenue

Driven by the continuous improved contributions from both its ATE and FAS business segments, 2023 marked another milestone as the Group achieved its third consecutive yearly revenue record. Surpassing the previous benchmark of RM600.6 million in 2022, revenue during the year continued to surge to RM691.9 million, representing a double-digit growth of 15.2%. Notably, there was a shift towards a more balanced revenue distribution between the ATE and FAS business segments, with each contributing approximately 65.4% and 34.6% to the total Group's revenue respectively in 2023. This was compared against the 2022 contributions, where the ATE and FAS business segments accounted for 70.1% and 29.9% of the Group's revenue, reflecting the positive outcome of the Group's effort in segmental diversification.

The below outlined the revenue of the respective operating segments, which includes elements of the inter-segment transactions during the year.

	Revenue		
	2023	2022	Fluctuation
	RM'000	RM'000	%
ATE			
External customers	**452,254**	420,716	7.5%
Inter-segment revenue	**538**	2,963	
Total revenue	**452,792**	423,679	
FAS			
External customers	**239,596**	179,871	33.2%
Inter-segment revenue	**15,943**	2,807	
Total revenue	**255,539**	182,678	
Smart Control Solution System			
External customers	**94**	-	100.0%
Inter-segment revenue	**674**	450	
Total revenue	**768**	450	

ATE segment

With a contribution rate of 65.4%, the ATE segment remained the primary revenue driver for the Group. Despite encountering a revenue decline in 2020, the ATE segment rebounded in 2021 and continued to demonstrate consistent year-on-year growth subsequently. During the year, revenue in the ATE segment increased by 7.5% from RM420.7 million in 2022 to RM452.3 million in 2023. Of particular significance is the automotive segment with its contribution share of wallet of 71.7% within the ATE revenue segment, representing a year- on-year growth of 31.9% versus last year. The Group's decision to diversify and establish a presence in the automotive segment 5 years ago has proven fruitful with the revenue trajectory of this segment exhibiting a consistent upward trend. With 2023 surpassing the RM300.0 million milestone, the revenue momentum from the automotive segment has grown by more than sevenfold since the Company's listing.

FINANCIAL REVIEW (CONT'D)

ATE segment (Cont'd)

This year saw the Group's wafer level burn-in tester for SiC and its back-end assembly and test solutions for the hybrid pack power modules continued to drive growth in the automotive segment. Throughout the year, the Group witnessed significant expansion in its customer base and experienced increasing momentum in engagements with prospective new customers. Moreover, the demand landscape for the Group's product become increasingly favourable as automotive component customers are seen extending their portfolio both upstream and downstream, from front-end process to module level and vice versa. At present, the Group's focus is to continuously improve its product capabilities by making enhancements to its proprietary burn-in test handler for wafer-level and module-level power device with the aim to extend its competitive advantage and capture growing market opportunities within the automotive segment.

Despite the semiconductor industry's inherent cyclicality and competitive landscape, the Group's ATE test solutions seem to be well anchored and supported over the past few years. Since the onset of the pandemic in 2020, revenue from the semiconductor segment has consistently surged at a double-digit rate, primarily fueled by the growth of integrated chips and fifth generation higher performing, ultra speed semiconductor content. With its 21.7% contribution within the ATE segment during the year, revenue from the semiconductor segment grew by 17.4% as compared to 2022. With AI and the advancement of integrated chips capabilities, and the ever-demanding performance reliability and broadening scope of applications, the Group's semiconductor test handling equipment is expected to remain stable.

On the contrary, revenue generated from the electro-optical segment within the ATE segment experienced a decline to 6.4% in 2023, down from 19.0% in 2022, representing a significant downturn of 63.9%. This deceleration was attributed to the notable slowdown and saturation in the global smartphone market stemming from the reduced consumer spending habits to invest in new smartphones given the lack of significant advancements in smartphone technology. While AI smartphone is anticipated to change the industry landscape, it is still in its infancy stage and the Group anticipates subdued performance in the short term from this segment. Nevertheless, the Group remains proactive in its efforts to innovate and develop new prototypes tailored to meet the evolving demands of emerging technologies, particularly those centered around the new magnetometer sensor, optical sensor and pressure sensor technologies.

In general, the ATE industry continues to present promising prospects for the Group, primarily driven by the ongoing technological advancements and the ubiquitous need for more customised and sophisticated test handling and solutions. Furthermore, the Group's comprehensive test solutions in the automotive segment coupled with its established product solution capabilities for the semiconductor segment shall provide a solid foundation for its ATE business, serving as a catalyst for further expansion and growth. Recognising the high-growth potential within the ATE segment, particularly in areas like power electronics semiconductor testing for EVs, the Group is committed to deepening its presence in this particular field.

FAS segment

Following a double-digit revenue growth in year 2022, the strong revenue momentum continued in 2023 with the FAS segment recording RM239.6 million in 2023 from RM179.9 million in 2022, a commendable growth rate of 33.2% year-on-year.

During the year, the FAS segment growth was largely propelled by the substantial contributions from the medical devices industry. With its dominance at 61.9% within the FAS segment in 2023 as compared to 41.5% in 2022, the surge from the medical devices industry reflected a striking year-on-year growth of 98.7%. In recent years, the Group has been observing a considerable uptick in demand for its fully automated i-ARMS across various sectors, particularly in the medical industry. Given the pervasive adoption of manufacturing automation within the medical sector, medical manufacturing companies are increasingly focused on optimising their production and assembly processes to enhance throughput and productivity while maintaining consistent quality standards. This growing reliance on automation to drive operational excellence and competitiveness within the medical industry further solidifies the Group's position in providing its i-ARMS for this segment. As it is, the Group has been expanding its customer base within this segment and is actively seeking new opportunities for bigger market share. Besides the medical devices segment, demand for the Group's i-ARMS solutions from the consumer and industrial products segment and electro-optical segment contributed 18.4% and 15.2% respectively to the FAS business segment during the year.

FINANCIAL REVIEW (CONT'D)

FAS segment (Cont'd)

The Group is encouraged by the upward trajectory of the FAS segment from the positive outcome of its strategic efforts in segmental diversification. Capitalising on the prevailing automation trend, the Group is strategically positioning its FAS segment to seize more opportunities, particularly amidst the rising demand for precision automation in the production of cutting-edge medical devices. With this targeted approach, the FAS segment is poised for sustained expansion and is expected to make a substantial contribution to the Group's performance in the coming years.

Gross margin

The Group is heartened to witness a relatively stable and consistent gross margin across all four quarters in 2023, ultimately concluding the year with an overall gross margin of 30.0% as compared to 30.5% in 2022. This marked the 6th consecutive year of the Group sustaining its gross margin around 30.0% since the listing of its subsidiary company, Pentamaster International Limited. This is worth commenting given the various challenges the global economies have faced in the last few years, starting with COVID-19, supply chain disruption, inflationary pressures on material prices and labour costs together with all other factors that were beyond the Group's control. For 2023, the Group recorded a gross profit of RM207.5 million, representing a double-digit increase of 13.2% from the previous year.

Other income

The Group's other income mainly comprised of the movement arising from foreign exchange, interest income and miscellaneous income. During the year, the amount was mainly contributed by the bank interest income of RM13.0 million as compared to RM7.5 million in 2022. Additionally, there was a gain of RM6.9 million from changes in fair value of foreign currency forward contracts ("derivative gain") during the year which was offset by a loss on foreign exchange of RM18.1 million recorded under the Group's administrative expenses, resulting effectively in a net foreign exchange loss of approximately RM11.2 million during the year.

In comparison to 2022, there were no elements of foreign exchange captured under other income but there was a one-off waiver of other payable totaling RM4.8 million recorded under this category.

Administrative expenses

Administrative expenses of the Group mainly comprised of the movement arising from foreign exchange, research and development cost, professional fees, administrative staff cost and certain maintenance cost. During the year, administrative expenses increased by RM20.7 million from RM57.9 million in 2022 to RM78.6 million. This was mainly due to the following factors:

(i) loss on foreign exchange of RM18.1 million during the year as compared to the total foreign exchange loss of RM8.2 million in 2022 which arose from the loss from changes in fair value of foreign currency forward contracts ("derivative loss") and loss on foreign exchange. These fluctuations, driven mainly by the movements in the Group's foreign exchange positions, were typically accounted for within the administrative expenses and other income categories as discussed above to ascertain its overall effects. Throughout the year, the Group engaged in several forward contracts, primarily in response to customer orders denominated in U.S. dollars. The aim was to hedge against potential adverse foreign exchange movements that could adversely impact the Group's financials. However, the continuous appreciation of the U.S. dollar against RM resulted in derivative losses from these forward contracts entered into by the Group;

(ii) higher administrative staff cost of RM33.2 million during the year (2022: RM29.6 million) due to salary increment as well as increase in staff incentive and employee benefit expenses;

(iii) incurrence of the research and development cost of the single-use medical devices amounting to RM10.6 million during the year (2022: RM5.5 million); and

(iv) higher upkeep of office equipment and maintenance cost in computer by RM1.4 million with the increase in staff headcount.

Management Discussion and Analysis

FINANCIAL REVIEW (CONT'D)

Profit for the financial year

The Group concluded the year with a net profit of RM140.5 million in 2023, representing an increase of 7.6% as opposed to a net profit of RM130.5 million achieved in 2022. Accordingly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for 2023 stood at RM159.2 million as compared to RM142.9 million recorded in 2022, representing an increase of 11.4%. Basic earnings per share rose from 11.58 sen in 2022 to 12.53 sen in 2023.

Liquidity, financial resources and capital structure

During the year, the Group experienced a remarkable surge in its net cash from operations with a record high of RM215.9 million, marking a significant increase from RM31.8 million generated in the previous year. With that, the Group's cash and cash equivalents as of 31 December 2023 increased at a double-digit level by 16.5% to RM490.9 million (2022: RM421.2 million). The Group has no bank borrowings as at 31 December 2023.

As at 31 December 2023, the Group sustained a healthy working capital of RM624.8 million, slightly decreased from RM632.3 million recorded in the same period of 2022. Given its current financial standing, the Group remains committed to vigilantly monitor and manage its day-to-day business operations. As it is, the construction of the Group's campus 3 is internally funded.

Foreign exchange exposure

The Group is exposed to foreign currency risk as a result of its normal trading activities whereby sales and to a certain degree, purchases are principally transacted in U.S. Dollar. The Group also holds other financial assets and liabilities denominated in foreign currencies. These are not the functional and reporting currencies of the Group to which the transactions relate.

As part of the Group's treasury policy to manage its foreign exchange exposure, the Group entered into foreign exchange forward contracts apart from maintaining U.S. Dollar denominated bank accounts to minimise the effects of adverse exchange rate fluctuations on its financials.

Contingent liabilities

As at 31 December 2023, the Group had no material contingent liabilities.

Pledge of asset

As at 31 December 2023, the Group had no pledge of asset.

Employees and remuneration

The Company recognises its employees as one of the Group's most important assets. The Company strongly believes in hiring the right talent, nurturing and retaining these talented employees with competitive remuneration packages. Besides, the Group is committed to organising regular external and internal training programs to upgrade the employees' skill set, knowledge and job experience.

As at 31 December 2023, the total number of full time employees of the Group increased to 935 (31 December 2022: 802).

Management Discussion and Analysis

FINANCIAL REVIEW (CONT'D)

Significant investments held, material acquisitions and disposal of subsidiaries, and future plans for material investments or capital asset

The board (the "Board") of directors (the "Directors") of the Company has further allocated a budget of up to RM300.0 million for the construction of new manufacturing plants on a piece of newly acquired land. This funding will be sourced from internally generated funds.

Save for those disclosed in this report, there were no other significant investments held with a value of 5% or above of the Group's total assets, nor were there material acquisitions or disposals of subsidiaries during the year. Apart those disclosed in this report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

OPERATIONAL AND FINANCIAL RISKS

Operational risks

Dependence on key management and experienced personnel

The Group acknowledges the inherent risks associated with its business nature, particularly the dependence on key management and experienced personnel. The Chairman's strategic vision, along with the contributions of the executive Directors and senior management team, who play significant roles in the Group's day-to-day operations, has been instrumental in driving the Group's success and growth. While the Group endeavours to provide a competitive remuneration package and strives to ensure a fair monetary reward for its staff, the dynamic and competitive industry landscape necessitates a continuous monitoring of industry trends and competitive remuneration benchmarking to be performed to ensure the Group remains attractive to top talent.

In line with the Group's long-term strategy to nurture and retain its key management and employees, the Company introduced the share award scheme during the Company's subsidiary, Pentamaster International listing on the Main Board of The Stock Exchange of Hong Kong Limited with the aim to recognise the valuable contributions of the key personnel and employees as well as to incentivise and retain them to support ongoing operations, growth and future development of the Group. Subsequently on 1 April 2020 (the "Adoption Date"), Pentamaster International adopted a share award scheme which is valid and effective for a term of ten years commencing on the Adoption Date to serve as part of the Group's ongoing employee retention program in retaining its existing employees and to attract suitable personnel for further development of the Group.

Additionally, the Group actively fosters the development of younger members of its management staff and other employees by encouraging their participation in the management of the Group and ensuring a sustainable talent pool. Besides, performance evaluation and employees' feedback mechanism are also regularly conducted by the Group's human resources department to enhance employee engagement and retention. Overall, the Group's operational strategy places significant emphasis on teamwork and mitigates over-reliance on any single individual or employee. Backup personnel are identified for all important projects, reflecting the Group's commitment to effective risk management and organisational stability.

OPERATIONAL AND FINANCIAL RISKS (CONT'D)

Risk relating to technological obsolescence

The Group recognises technological obsolescence as an inherent risk, given the rapid pace of technological development and evolving customer demands. The emergence of new and substitute technologies can potentially render its products and solutions obsolete.

In response, the Group is committed to mitigate these risks by actively and continuously pursuing technological innovation and advancement, industry best practices and strategic business alliances to address the increasingly sophisticated needs of its customers and industry trend. Concurrently, the Group also provides continuous staff development to align skills and knowledge with the latest technology requirements in the testing, automation and semiconductor space.

Continuous efforts are constantly directed towards optimising the efficiency and productivity of the R&D function. The Group allocates a certain R&D budget and dedicated resources for new product development and implements strategic initiatives to streamline its R&D processes. This is to ensure the Group's ability to stay at the forefront of technological advancements and progress. Additionally, the Group is dedicated to cultivating and sustaining an effective and dynamic management team to drive ongoing improvements in performance and strategic decision-making capabilities which is crucial for navigating the rapidly evolving technological landscape and sustaining the Group's progress.

Also, the Group's regular and active participation in overseas exhibitions serves as a valuable platform for gaining insights into market requirements and keeps the Group staying abreast of the latest market requirements and current technological changes. Through these efforts, the Group ensures its product development aligns with market trends and customer preferences, delivering solutions that meet evolving customer needs.

Competition risk

Given the highly volatile and competitive nature of the markets and industries in which the Group operates in, the Group faces intense competition from both international and local competitors across various business scales. Key areas of competition include technology, product quality, pricing, proximity to customers, services and the range of products and solutions offered. The Group's customer base comprises multinational companies in Malaysia and overseas where the selection of equipment for their manufacturing processes is based on stringent criteria such as high-quality test and automation equipment, excellent after-sales service, competitive pricing, and product reliability.

To maintain a competitive edge, the Group prioritises several strategic initiatives which include its R&D efforts and value innovation to venture into high-end technology for smart devices testing and production manufacturing via its i-ARMS. This strategic move has enabled the Group to achieve its product differentiation in this marketplace. Besides, by strategically diversifying across industries and expanding its product offerings and solutions, the Group aims to mitigate its risks associated with market competition and fluctuations.

The establishment of an in-house software development team has also provided a significant competitive advantage. This capability enables the Group to offer bespoke solutions, respond promptly to market demands and maintain a high level of flexibility and agility in product development. Stringent quality checks are integrated throughout the production processes to ensure that the products consistently meet the specifications and requirements of the customers. This commitment to quality by the Group is integral to sustaining customer satisfaction and loyalty.

Excellent after-sales service to customers has always been the priority of the Group. Given that the Group's products are customised automation solutions, reliable after-sales service is important to ensure smooth running of customers' operations and maintaining customer trust and loyalty.

Management Discussion and Analysis

OPERATIONAL AND FINANCIAL RISKS (CONT'D)

Intellectual property

Safeguarding the rights to the Group's technology, proprietary knowledge and manufacturing processes is paramount to ensuring the Group's continuous success and ongoing business development and operation in the highly competitive business landscape. Any unauthorised copying, use or imitation of technology poses a significant risk and potential impacts on the competitive advantage, sales performance and overall reputation of the Group.

To mitigate the risk, the Group has submitted several trademark registration applications to secure legal protection for its intellectual property assets and affirmed the relevant statutory declarations in respect of the copyrights of certain software products. All the employees are required to sign a non-disclosure agreement ("NDA") to protect the Group's interest and safeguard the Group's proprietary information, trade secrets and confidential data. These NDAs are critical to safeguard against unauthorised disclosure, theft or misuse of sensitive information.

Additionally, the Group provides ongoing training and awareness programs to educate its employees about the importance of intellectual property protection, compliance with NDAs and recognising and reporting potential infringement risks. The Group continuously reviews and enhances its intellectual property protection strategies and procedures to adapt to changing business environments, emerging technologies and evolving threats.

Financial risks

The Group's financial risks are set out in Note 35 under the notes to the consolidated financial statements.

PROSPECTS

"Every storm runs out of rain, every dark night turns into day"

The embodiment of resilience, adaptability and perseverance was once again demonstrated as the Group adeptly navigated the cyclical nature of business environment, challenges and adversity in 2023. Throughout the year, the persistent global macroeconomic challenges have proven tenacious, with the confluence of mounting interest rates, inflationary pressure and the escalating geopolitical tensions taking center stage in shaping the global economic landscape, rendering the business environment both volatile and challenging. In addition to these challenges, trade policies uncertainties, trade protectionism and tariff disputes between major economies have further complicated the international business environment for companies operating on a global scale. Amidst these macroeconomic concerns, the rapid pace of technological advancements and digital transformation have presented a silver lining. Against this backdrop, the Group proactively adopted a dynamic and forward-thinking approach in prioritising innovation, fostering agility in response to the unrelenting pace of geopolitical complication landscape in a technological developments world, and positioning itself strategically to remain competitive and relevant.

As the Group approaches the year 2024, there is an expectation that the delicate nature of these macroeconomic factors will persist, indicating a sustained vulnerability and fragility in the economic landscape. However, as challenging as it can be and barring any unforeseen circumstances, the Group endeavours to achieve yet another year of continuous business growth with a steadfast focus on high growth segments. Notably, the medical devices segment currently commands the largest share of the Group's current order book and this segment will continue its strong growth momentum in 2024, primarily propelled by the widespread adoption of automation in medical manufacturing. Having consistently led the Group's revenue for two consecutive years, the Group's order book remains fortified by contributions from the automotive segment. This is anchored by the Group's comprehensive range of product solutions within this segment. With the Group holding a robust presence in regions like Europe and the United States, other emerging growth countries like Taiwan and Japan are seen to be the next promising areas poised for growth, particularly in the context of automotive electrification. The Group anticipates that such developments in these markets will yield positive outcome and further contribute to the Group's revenue in its automotive segment. While the Group experiences favourable momentum in both its medical and automotive segments, contributions from its other industry segments remain comparatively modest.

PROSPECTS (CONT'D)

In recent years, the Group has been strategically directing investments towards various facets of MedTech, encompassing automation as well as the design and manufacturing of single- use medical devices. A notable trend in the current market environment is the prominence of MedTech and life sciences where the pervasive influence of technology within the medical industry has instigated a remarkable surge in technological innovation with automation at the forefront of this revolution. The adoption of automation in MedTech is now prevalent, given the intricate nature of the medical device manufacturing process. The inherent need for precision and accuracy in the production of medical devices makes automation a cornerstone for achieving heightened process efficiency and consistency. In tandem with this pronounced trend in the medical industry, the Group is strategically positioned to capitalise on these opportunities through its FAS segment and Pentamaster MediQ by elevating its presence and operational footprint in the medical industry with the aim to propel the growth trajectory of its medical industry to new heights.

The Group's efforts in geographical diversification has proven beneficial against the backdrop of prevailing geopolitical landscape marked by a discernible trend towards deglobalisation and localisation. This current shift involves establishment of new manufacturing facilities and expansion of new ones with the aim to foster greater self-reliance in semiconductor and electronics supply chain. With the Group's recent establishment of its global footprint in Germany in March 2023, the Group is positioned to enhance its presence in Europe to further build its automotive and MedTech segments in this region. The Group's office in Germany currently serves as a hub for research and development activities besides providing technical sales support for better customer engagement. Given Germany's prominent status as a hub for the automotive industry, the Group's expansion is strategically positioned to broaden its customer base for power module semiconductors. Additionally, the Group's Europe presence will also serves its venture into the MedTech field, with specific focus on countries such as the United Kingdom, Poland and Ireland. Currently, contribution from Europe accounts for less than 10% of the total Group's revenue which indicates a substantial growth potential within the region.

Recognising the integral role of sustainability in today's contemporary business practices and in alignment with the Group's dedication in fostering a sustainable environment, the Group will continue to intensify its efforts in advancing its ESG initiatives through the development and implementation of a set of comprehensive action plans. These action plans encompass a diverse range of material areas covering, among others, emissions, climate change, health and safety, employment and labour practices, diversity, supply chain management and overall governance as well as compliance matters. Within this framework, the Group is set to expand its ESG working group, a dedicated team tasked with planning, executing and overseeing all sustainability-related strategies, goals and policies. In essence, the Group aims to mold a sustainable future where responsible business practices are to seamlessly integrate into its day-to-day business operations. Such effort signifies the Group's commitment to not only meeting regulatory requirements but also proactively contributing to a more sustainable and resilient global business environment.

To conclude, the Group maintains a keen awareness of the prevailing economic fragility and is committed to addressing it with a proactive and strategic approach which center on high growth industries. 2024 is another year where the Group remains cautiously optimistic with its focus on seizing opportunities to broaden its revenue streams. In addition to allocating resources to areas with significant potential, the Group will continue to place a strong emphasis on continuous innovation and improvement in its design and operational processes for its products and solutions. With the Group advancing through the second half of its 4-year plan in its "Grand Roadmap & Key Focus 2022-2025", it is imperative for the Group to expedite the construction of its campus 3. To this end, phase one and phase two featuring the construction of two manufacturing plants, spanning approximately 720,000 sq.ft. are in progress concurrently with a targeted full completion set for the first quarter of 2025. Anticipating the completion of the third plant, the Group aims to mark a significant milestone.

Profile of Directors

CHUAH CHOON BIN
Executive Chairman

Chuah Choon Bin (male), aged 63, a Malaysian citizen, was appointed to the Board of the Company on 30 November 2002 and was re-designated as the Executive Chairman on 1 March 2022. He currently sits on the Board of Pentamaster International Limited as the Executive Director and Chairman. Pentamaster International Limited is a subsidiary of the Company and was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 19 January 2018. Mr. Chuah also holds directorship in subsidiary companies of the Group. He is a professional engineer and co-founder of Pentamaster Group.

Prior to setting up the Group, he served as an automation engineer for National Semiconductor and Intel Technology Malaysia. With his vast experience in the design and manufacturing of automation equipment and vision inspection system, he has developed the Group to its present level of success, from a simple automation house to a high technology group specialising in providing factory automation equipment and systems and information communication technology solutions to industrial and commercial customers.

Under his leadership, the Company achieved the following recognitions;

(i) inclusion into the constituents of the FTSE4Good Bursa Malaysia ("F4GBM") Index since 2021 where such F4GBM Index measures the performance of public listed companies demonstrating strong environmental, social and governance practices;

(ii) ranked in the top 200 in the Forbes 2020, 2019, 2018 & 2017 Best Under a Billion list of companies that are publicly listed in the Asia Pacific region;

(iii) awarded The Edge Billion Ringgit Club, under the category of the Highest Returns to Shareholders Over Three Years for technology sector in 2020 and 2019 and the Highest Growth in Profit After Tax Over Three Years for technology sector in 2019;

(iv) awarded the Focus Malaysia Best Under Billion Awards 2018 for the Best Revenue Growth, Best Enterprise Value Growth and Overall Winner category, and Focus Malaysia Best Under Billion Awards 2017 for the Best Return on Assets category;

(v) recipient of the Enterprise 50 Award 2002 organised by Accenture and SMIDEC and Quality Management Excellence Award 2003 for the category of local company with annual sales turnover exceeding RM25 million to RM200 million at the Industry Excellence Award 2003 organised by Ministry of International Trade and Industry; and

(vi) awarded the Best Employer Award 2023 by Employee Provident Fund (EPF), Malaysia.

For his personal recognition, he won the First Malaysian Ernst & Young Emerging Entrepreneur of the Year Award Malaysia 2002.

Currently, he is the board member of Penang Charis Hospice Home and Penang Automation Cluster Sdn. Bhd.. Mr. Chuah also sits as the chairman of SJK Kwang Hwa school and he is also appointed to the school board as director for Chung Ling High School, Heng Ee High School and Phor Tay High School. In 2021, he is appointed as the Penang Wawasan Open University Education Foundation Member and Penang i4.0 Seed Fund Evaluation Committee Member. Mr. Chuah is also a board member of Penang STEM Sdn Bhd, a non-governmental, non-profit organisation that promote and educate students in Penang in the field of Science, Technology, Engineering and Mathematics.

Mr. Chuah graduated with a bachelor's degree in engineering with honours in May 1985 and a master's degree in engineering majoring in electrical and electronics in May 1989, both from the University of Auckland, New Zealand.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past five (5) years.

Profile of Directors

GAN PEI JOO
Executive Director

Gan Pei Joo (female), aged 48, a Malaysian citizen, was appointed to the Board of the Company on 19 March 2021 and is currently the Executive Director of the Company. She is also the chief financial officer and holds directorship in all the subsidiaries of the Group.

She commenced her career at PricewaterhouseCoopers in 2000 and was last served as a senior associate in 2003 after having acquired extensive auditing and consulting exposure to companies in various industries. She joined Pentamaster Group as the group accountant in 2003 and held various positions prior to her promotion as the group financial controller in 2009 and chief financial officer in 2016. Ms. Gan is primarily responsible for the overall management, corporate affairs, finance, treasury, control functions and budgeting of the Group. She also sits on the ESG committee as well as risk management committee of the Group.

She graduated with a bachelor's degree of commerce majoring in accounting from Curtin University of Technology, Perth, Australia in February 1999. She was admitted as a member of the Certified Practising Accountants, Australia and a Chartered Accountant from the Malaysian Institute of Accountants in July and November 2002, respectively.

She does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences in the past five (5) years.

Profile of Directors

LEE KEAN CHEONG
Independent Non-Executive Director

Lee Kean Cheong (male), aged 57, a Malaysian citizen, was appointed to the Board of the Company on 19 December 2017, and is currently the Chairman of the Audit Committee. He is also a member of the Remuneration Committee and the Nominating Committee.

He graduated with a Master of Commerce (Management Accounting) from University of New South Wales, Australia and a Bachelor of Commerce from Murdoch University, Australia. He is currently a member of Malaysian Institute of Accountants and Certified Practising Accountants, Australia.

He started his career with Ernst & Young and later moved to commercial sector involving public listed companies and multinational corporations. He has more than 20 years of experience in the commerce and financial field, having previously held various senior managerial positions in the commercial sector.

Currently, he is one of the Partner in an accounting firm and a Director for a management consultancy firm. Mr. Lee is one of the Independent Non-Executive Director of SLP Resources Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Independent Non- Executive Director of MSM International Ltd, a company listed on Singapore Exchange Securities Trading Limited.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past five (5) years.

Profile of Directors

ROSLINDA BINTI AHMAD
Independent Non-Executive Director

Roslinda Binti Ahmad (female), aged 60, a Malaysian citizen, was appointed to the Board of the Company on 7 April 2023 and as the Chairman of the Nominating Committee, member of the Audit Committee and the Remuneration Committee on the same date.

Pn. Roslinda is a well-known figure in the Islamic Investment Banking space. She is currently assuming the position of Head of Islamic Products & Services with Crowd Sense Sdn Bhd (a peer-to-peer financing Recognised Market Operator, registered with the Securities Commission Malaysia) as well as Consultant / Trainer for a well-known Islamic financial training provider. Prior to her current role, Pn. Roslinda started her career with Arab Malaysian Merchant Bank Bhd as Equity Analyst before making her way to James Capel & Co, the Stockbroking arm of HSBC Group and RHB Research Institute. Subsequently, she was attached with CIMB group and played a significant role in the Islamic Wholesale Banking Divison; spearheading the Group in opening and developing the Islamic Finance markets in Hong Kong, Singapore, Thailand and Indonesia. During that time, she sat on the Treasury Market Association (TMA) of the Hong Kong Monetary Authority (HKMA) representing CIMB in assisting the country to set up the framework for Islamic Finance. Her last position with CIMB Islamic is Director & Head, Product Distribution And Strategy for Wholesale Banking and reported directly to the CEO's office on Thought Leadership. She has a Professional Qualification as Accredited Competency Professional (ACP) from the Finance Accreditation Agency (FAA).

She has a Master of Business Administration (MBA) from University of Miami, Florida, the United States and a Bachelor of Science in Business Administration (Finance) & a Minor in Japanese Language from University Of The Pacific, California, the United States.

She does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences in the past five (5) years.

Profile of Directors

LENG KEAN YONG
Non-Independent Non-Executive Director

Leng Kean Yong (male), aged 49, a Malaysian citizen, was appointed to the Board of the Company on 1 August 2014 and is currently the Chairman of the Remuneration Committee. On 7 August 2017, Mr. Leng was appointed to the Board of Pentamaster International Limited as a Non-Executive Director. Pentamaster International Limited is a subsidiary of the Company and was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 19 January 2018. He is also a member of the Audit Committee and Remuneration Committee of Pentamaster International Limited.

Mr. Leng has been in the finance and marketing field for over 20 years. He is highly experienced in the areas of business strategy, ranging from financial matters to business planning and marketing. He has successfully executed projects for small-medium sized industries to listed companies on Bursa Malaysia Securities Berhad, the Australian Securities Exchange and The Stock Exchange of Hong Kong Limited as well as projects for multinational corporations. Such projects encompass IPO exercise, industry research report, the development of a 5-year business plan, marketing strategy blueprint, customer relationship management implementation, market entry and feasibility studies, and mergers and acquisitions evaluations.

At present, Mr. Leng is also one of the Directors at Crowd Sense Sdn. Bhd. (which operates under the brand name of Cofundr), a recognised market operator for peer-to-peer financing registered with the Securities Commission Malaysia. He was previously a Director at L3 Consulting Sdn. Bhd. and Project Director for Synovate Sdn. Bhd., and prior to that, a senior manager for ACNielsen Malaysia Sdn. Bhd. ("ACNielsen"). During his tenure at ACNielsen, he was awarded with three (3) ACNielsen awards for his contribution in successfully implementing and executing key strategies for the firm's local operations. He started his career with BBMB Securities Sdn. Bhd. and he has also advised and managed discretionary fund for private companies and high net worth individuals.

He graduated from Western Michigan University (cum laude), the United States, with a bachelor's in business administration in April 1996. He also holds various other certifications through training and updates in the fields of marketing obtained throughout his career with the various global marketing research consultancy firms.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past five (5) years.

Profile of Directors

DATO' LOH NAM HOOI
Non-Independent Non-Executive Director

Dato' Loh Nam Hooi (male), aged 63, a Malaysian citizen, was appointed to the Board of the Company on 30 November 2002. He is also a member of the Audit Committee and the Nominating Committee.

He holds a Bachelor of Commerce (Honour) degree from Carleton University, Ottawa, Canada. Upon his graduation in 1984, he has since been working in a property development company as a Manager. He was a board member of the Penang Water Authority from 1997 to 1999. Prior to that, he was appointed as a Director in Kwong Wah Yit Poh Press Bhd in 1996. Dato' Loh also sits on the board of Hospital Lam Wah Ee and several private companies. For his contribution towards the Penang and Kedah state, Dato' Loh was conferred by the Penang state government with Darjah Setia Pangkuan Negeri (DSPN) on 28 July 2022 which carries the title "Dato", and he was conferred the Bintang Kebaktian Masyarakat (BKM) by the Sultan of Kedah in 1993. In 2003, Dato' Loh obtained the Royal Malaysian Award of Ahli Mangku Negara (A.M.N) that was conferred by Seri Paduka Baginda Yang di-Pertuan Agong to dedicated Malaysian who has done good and sacrifices for the society.

He does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past five (5) years.

Profile of Key Senior Management

HON TUCK WENG
Operations Director

TEH ENG CHUAN
Chief Operating Officer
automated test equipment division

Mr. Hon Tuck Weng ("Mr. Hon") (male), aged 53, a Malaysian citizen, has been the operations director since May 2007 and is primarily responsible for overseeing the daily operations of our management information system, quality assurance and control, facilities and internal control functions. He also sits on the ESG committee as well as risk management committee of the Group. He started his career as the software programmer of Pentamaster Technology, a direct wholly-owned subsidiary of Pentamaster International in March 1995. Mr. Hon has more than 25 years of experience in automation solutions industry.

Mr. Hon graduated with a higher diploma in computer studies, moderated and assessed by the University of Humberside in United Kingdom, in September 1993. He later obtained a postgraduate certificate in engineering business management from the University of Warwick, United Kingdom, in June 2011 through a distance learning course.

Mr. Teh Eng Chuan ("Mr. Teh") (male), aged 50, a Malaysian citizen, has been the chief operating officer of Pentamaster Technology since January 2015. Mr. Teh is primarily responsible for overseeing the daily operations of Pentamaster Technology. He joined as a vision software engineer of Pentamaster Technology in January 1996 and has over 20 years of experience in the machine vision, design and control. Mr. Teh completed a course of higher diploma in computer science in Kolej Damansara Utama (currently known as KDU Penang University College), Malaysia, in April 1995.

Profile of Key Senior Management

NG CHIN KENG
Chief Operating Officer
factory automation solutions division

ONG THEAN LYE
Chief Operating Officer
medical devices division

Mr. Ng Chin Keng ("Mr. Ng") (male), aged 45, a Malaysian citizen, has been the chief operating officer of Pentamaster Equipment since January 2015. Mr. Ng is primarily responsible for overseeing the daily operations of Pentamaster Equipment, a direct wholly-owned subsidiary of Pentamaster International. He joined as an automation software programmer in January 2000. Mr. Ng obtained a bachelor's degree of science in computing and information systems with honours from University of Lincolnshire & Humberside, United Kingdom, in July 2001.

Mr. Ong Thean Lye ("Mr. Ong") (male), aged 64, a Malaysian citizen, is currently the chief operating officer of Pentamaster MediQ, a direct wholly-owned subsidiary of Pentamaster International since its inception in 2020. He is primarily responsible for overseeing the daily operations of Pentamaster MediQ in the development of the medical devices business.

Mr. Ong started with Intel Technology Sdn. Bhd. as quality and reliability engineer from 1986 to 1990 before venturing into information technology business. He was a director of TP Concept Sdn. Bhd. from 2018 to 2020, a private company in the business of designing and manufacturing of automated assembly machine for medical products. Currently, Mr. Ong is the director of Walta Centre of Excellence (WCOE) Sdn. Bhd..

Mr. Ong graduated with a first class honours in his bachelor degree in applied science majoring in electronic technology in 1986 and later a master degree in the business administration (MBA) in 1996, where both the degrees are from University Science of Malaysia (USM).

Profile of Key Senior Management

YOU CHIN TEIK
Chief Operating Officer
automated test equipment division

Mr. You Chin Teik ("Mr. You") (male), aged 47, a Malaysian citizen, is appointed as the chief operating officer of Pentamaster Instrumentation since January 2024. Mr. You is primarily responsible for overseeing the daily operations of Pentamaster Instrumentation, a direct wholly-owned subsidiary of Pentamaster International. He joined our Group as a vision engineer in January 1998.

Mr. You obtained a higher diploma in computer studies from Kolej Damansara Utama (currently known as KDU Penang University College), Malaysia, in February 1998. He later obtained a degree of master of business administration from University of South Australia, Australia, in March 2009 through a distance learning course.

Notes:
The above Key Senior Management members have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company, have no directorship in any public companies and listed issuers and have not been convicted of any offences within the past five years.

About Pentamaster Corporation Berhad

Pentamaster Corporation Berhad ("PCB" or the "Company"), is a public limited liability company, incorporated in Malaysia. The Company was listed on the Malaysia Securities Exchange Berhad in July 2003 and subsequently moved to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") in 2004. PCB has been included in the constituents of the FTSE4Good Bursa Malaysia Index since 2021.

Our Core Businesses

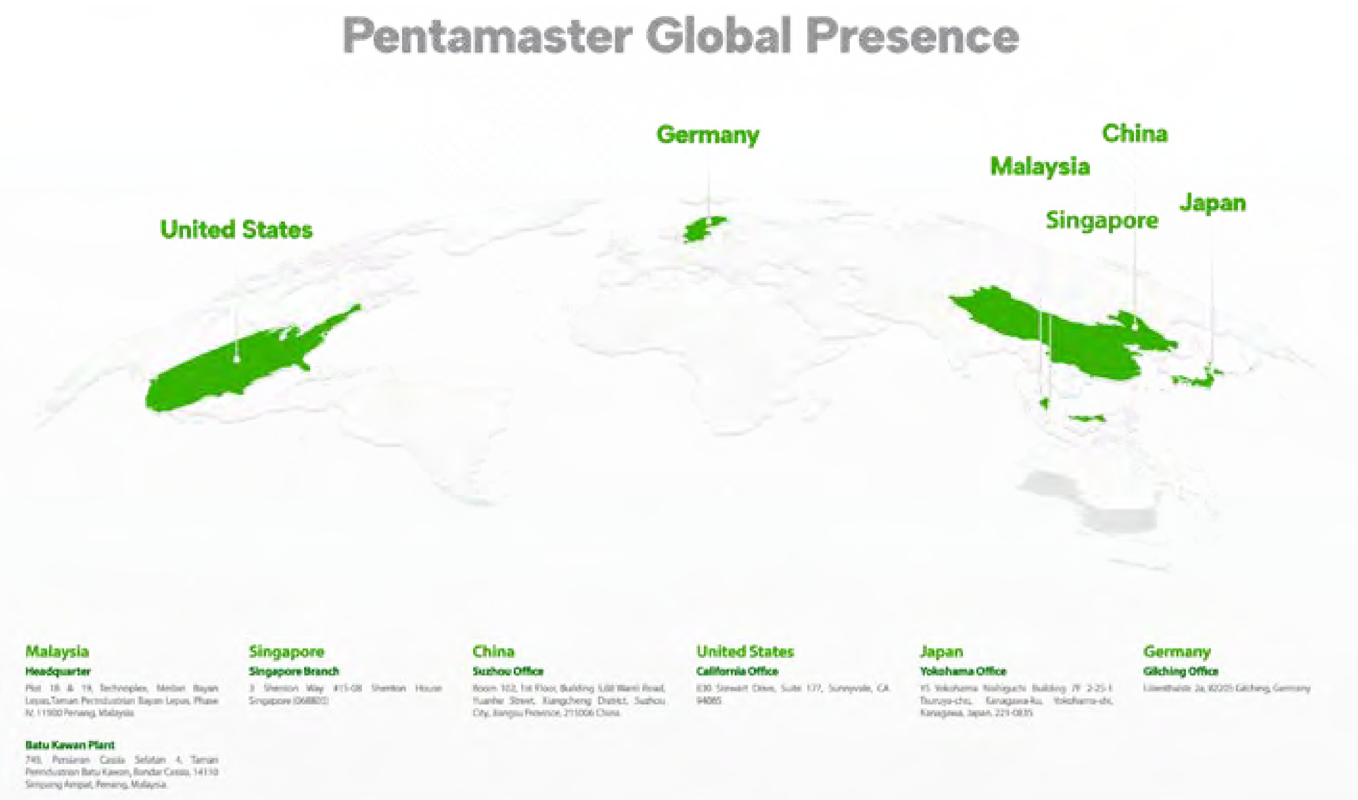
PCB is an investment holding company and has not carried out any business since its incorporation. PCB and its subsidiaries (collectively referred to as, "we", "us", "our" or the "Group") have two operating segments which are involved in different activities as follows:

(i) Automated test equipment ("ATE")	:	Designing, development and manufacturing of standard and non-standard automated equipment; and
(ii) Factory automation solutions ("FAS")	:	Designing, development and installation of integrated factory automation solutions.

Further details of the Group's businesses and solutions are available on the Company's website at www.pentamaster.com.my.

Where We Operate

The Group's main production facilities are located in Bayan Lepas Free Trade Zone and Batu Kawan Industrial Park in Penang, Malaysia. Since 2021, the Company has expanded its presence in other regions by setting up a facility in China to carry out research and development ("R&D"), manufacturing and sales of ATE and automation solutions in the field of science and technology. The Company has also set up sales and technical support offices in the United States, Singapore, Japan and Germany. The Company is currently in the midst of setting up its third facility, known as the "Campus 3" in Batu Kawan Industrial Park, Penang, with space dedicated to production, R&D, administration and warehousing.



Corporate Structure as at
31 December 2023

PENTAMASTER CORPORATION BERHAD
200201004644 (572307-U)
(Malaysia)
("Company")

- 100% — **Origo Ventures (M) Sdn. Bhd.**
  201401027996 (1104082-X)
  (Malaysia)
  ("Origo")
- 100% — **Pentamaster Smart Solution Sdn. Bhd.**
  200301023077 (625497-H)
  (Malaysia)
  ("Pentamaster Smart Solution")
- 63.90% — **Pentamaster International Limited**
  檳傑科達國際有限公司
  (MC-323853)
  (Cayman Islands)
  ("Pentamaster International")
  - 100% — **Pentamaster Technology (M) Sdn. Bhd.**
    199501007290 (336488-H)
    (Malaysia)
    ("Pentamaster Technology")
    - 100% — **Pentamaster Technology (Jiangsu) Limited**
      91320507MA25TXWQXP
      (China)
      ("Pentamaster Jiangsu")
    - 100% — **Pentamaster Technology (M) Sdn. Bhd. (Singapore Branch)**
      T18FC0094F
      (Singapore)
      ("Pentamaster Singapore")
    - 100% — **Pentamaster Automation (Japan) Co., Ltd.**
      1020003020389
      (Japan)
      ("Pentamaster Japan")
    - 100% — **Pentamaster Automation (Germany) GmbH**
      HRB 283547
      (Germany)
      ("Pentamaster Germany")
    - 35.64% — **Penang Automation Cluster Sdn. Bhd.**
      201601021441 (1192380-V)
      (Malaysia)
      ("PAC")
  - 100% — **Pentamaster Instrumentation Sdn. Bhd.**
    200301034952 (637373-M)
    (Malaysia)
    ("Pentamaster Instrumentation")
  - 100% — **Pentamaster Equipment Manufacturing Sdn. Bhd.**
    200601029409 (749166-A)
    (Malaysia)
    ("Pentamaster Equipment")
    - 100% — **Pentamaster Equipment Manufacturing, Inc.**
      82-4120867
      (United States)
      ("Pentamaster US")
    - 100% — **TP Concept Sdn. Bhd.**
      201001040387 (924312-H)
      (Malaysia)
      ("TP Concept")
  - 100% — **Pentamaster MediQ Sdn. Bhd.**
    202001017008 (1373328-W)
    (Malaysia)
    ("Pentamaster MediQ")
- 100% — **Pentamaster InnoTeq Sdn. Bhd.**
  202101030723 (1431023-V)
  (Malaysia)
  ("Pentamaster InnoTeq")

Details of the Company's board of directors ("Board") and senior management team are set out in the Company's annual report for the year 2023 ("Annual Report 2023").

Sustainability Statement

Board Statement

Dear Stakeholders,

The Board is pleased to present the Company's annual sustainability statement ("Statement") covering the Group's environmental, social and governance ("ESG") impacts and performance from 1 January 2023 to 31 December 2023 ("FY2023").

During the reporting year, our ESG working group embarked on efforts to advance the Group's sustainability practices across the Group's business operations. The Board recognises that sustainability is critical for PCB's long-term success as well as to create long-term value for our stakeholders. Our efforts to enhance sustainability initiatives reflects the Group's commitment to transparency and accountability in all aspects of our business. The Board oversees these strategies to ensure alignment with PCB's corporate values and objectives.

ESG Performance in 2023

- On environmental issues, the Group recognises the importance of reducing its environmental impact. We are exploring avenues where the Group can minimise its carbon footprint and conserve resources through continued energy management, water conservation and waste management practices.
- Our employees are the heart of our success. Their wellbeing, welfare and professional growth are important to us. We maintained our focus to promote internal engagement and continued to provide training and development programmes to enhance knowledge and competency. PCB strives to foster a safe workplace that upholds human rights practices such as no forced or child labour practices. A notable achievement in FY2023 was one of the subsidiaries of the Company receiving the Best Employer Award 2023 from the Employees Provident Fund (commonly referred to as "EPF"). This award recognises the Group's dedication in prioritising employee welfare.
- Additionally, the Group increased its community investments in FY2023 to generate positive impact on the local communities, focusing on areas such as education, environment, animal welfare and to uplift the lives of the underprivileged homes and communities.
- In terms of the Group's operational practices, the Group has strived to focus on its core technology and solutions, maintaining and delivering high-quality products and solutions.
- In terms of governance, the Group continued to uphold its governance practices based on high standards of transparency, integrity and accountability.

Future Outlook

We recognise that there is always more to be done. As we navigate through the opportunities and challenges ahead, the Group is set to intensify its efforts to advance its ESG initiatives. These action plans will cover a diverse range of material topics, among others, emissions, climate change, health and safety, employment and labour practices, diversity, supply chain management and overall governance as well as compliance matters. The Group is set to expand its ESG committee, a dedicated team tasked to work closely with the Board to plan, execute and oversee all of the sustainability-related strategies, goals and policies. To improve the Group's ESG performance, we will need to focus on how the Group measures, monitors and sets more defined targets and goals to drive positive change in our commitment to ESG principles. With the new Campus 3 plant underway, we believe more initiatives will be in place to improve the Group's overall energy efficiencies across its operations.

We thank all our employees and stakeholders for your continued support and being part of this journey. We will continue to actively innovate and collaborate with our partners to build a robust and sustainable framework to contribute to a more sustainable and resilient global business environment.

Board of Directors
26 April 2024

Sustainability Statement

About This Report

We are pleased to present the Company's annual sustainability Statement. This Statement showcases the Group's continued sustainability performance in FY2023, unless otherwise stated. The references to sustainability and ESG in this Statement also encompass the Group's economic performance within its operating practices.

This Statement should be read together with the other sections of the Annual Report 2023, for a more comprehensive overview of the Group's financial performance throughout FY2023. All monetary references in this Statement are presented in Ringgit Malaysia ("RM"), unless otherwise stated.

Scope and Basis of Scope

We publish the sustainability statements on an annual basis, with the last sustainability statement published on 28 April 2023.

The scope of this Statement covers the Group's sustainability performance and progress of PCB and its subsidiaries, namely, Pentamaster Smart Solution Sdn. Bhd., Pentamaster InnoTeq Sdn. Bhd., Pentamaster International Limited ("PIL"). The scope includes PIL's Malaysian operating entities, in particular, Pentamaster Technology (M) Sdn. Bhd., Pentamaster Instrumentation Sdn. Bhd., Pentamaster Equipment Manufacturing Sdn. Bhd. and Pentamaster MediQ Sdn. Bhd. In order to enhance the Group's disclosures and improve on the current data collection methodology, we focused on the operational entities in Malaysia for this Statement. Our previous disclosures covered all other subsidiaries within the Group including the overseas entities.

For purposes of this Statement, we have excluded the following subsidiaries and branches from our reporting scope:

(a) Pentamaster Technology (Jiangsu) Limited;

(b) Pentamaster Technology (M) Sdn. Bhd. (Singapore branch);

(c) Pentamaster Automation (Japan) Co., Ltd;

(d) Pentamaster Automation (Germany) GmbH;

(e) Pentamaster Equipment Manufacturing, Inc.;

(f) TP Concept Sdn. Bhd.; and

(g) Origo Ventures (M) Sdn. Bhd.

- Pentamaster Technology (Jiangsu) Limited operates a small-scale manufacturing facility in China since 2021.
- The companies listed from items (b) to (e) above are part of the Group's sales and technical offices located in the respective countries which have insignificant impact on the Group's overall sustainability performance and progress.
- TP Concept Sdn. Bhd. is excluded from the scope of this Statement as its operations have been restructured and consolidated into Pentamaster Equipment Manufacturing Sdn. Bhd.
- Origo Ventures (M) Sdn. Bhd. ("Origo") was established as a project management company to carry out professional services. Due to Origo's insignificant impact and contribution to the Group's sustainability performance and overall revenue, Origo has been excluded from the scope of this Statement.
- Our joint venture and associate, namely Penang Automation Cluster Sdn. Bhd., is not included in the scope of this Statement as we do not have direct managerial control on it.

The Company will continue to assess its operations in all its geographical areas that we operate in to understand if there are any significant impacts on the Group's sustainability performance and progress for our future reports.

Please refer to page 29 of this Statement on the Group's corporate structure.

Sustainability Statement

Reporting Frameworks and Standards

This Statement has been prepared in accordance with Bursa Malaysia's Listing Requirements, with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), the Global Reporting Initiative ("GRI") Standards and relevant requirements of the FSTE4Good Bursa Malaysia Index. Where applicable, this Statement has also been aligned with disclosures under Appendix C2 to the Main Board Listing Rules of the Main Board of the Stock Exchange of Hong Kong (commonly referred to as "HKEX"), as PCB's subsidiary company, PIL, is listed on the HKEX.

The information in this Statement has been internally sourced and the data confirmed by the relevant department heads. Although no assurance process was carried out, we will consider to progressively seek independent assurance on selected sections of our future reports as we continue to strengthen our disclosures.

Feedback

In order to assess the Group's sustainability journey for continued improvements, we welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the matters covered to investor.relation@pentamaster.com.my.

Our Approach to Sustainability

Sustainability Governance

The Group's sustainability governance is determined at the Company's Board, which provides oversight for the Group's ESG matters and activities. PCB's Board recognises that it is essential for the Group's sustainability practices to be embedded in all our business segments and operations. The Group has in place an ESG Policy which provides guidance on all aspects of the Group's sustainable development and commitment.

The Group's ESG governance structure is as follows:

Sustainability Statement

The Board has delegated its responsibilities to a dedicated ESG committee, led by the Chief Financial Officer and the Operations Director, who report directly to the Chairman. The Board is ultimately responsible for the strategic oversight of the Group's sustainability matters, including but not limited to the Group's strategic direction and targets. The ESG committee is tasked to support the Board to plan, execute and oversee all of the sustainability-related strategies, goals and policies. The ESG committee is represented by members from management and middle management from various business functions across the Group's operating entities. The ESG committee aims to collaborate closely with the Board moving forward.

Under the ESG committee's Terms of Reference, the ESG committee is tasked to assist the Board to review and monitor the Group's ESG policies and practices, among others, to:

(a) ensure compliance with legal and regulatory requirements;
(b) oversee and execute the Group's sustainability strategy;
(c) review and ensure proper disclosure and compliance with relevant ESG guidelines;
(d) present and regularly report to the Board on the Group's sustainability performance; and
(e) make recommendations to enhance sustainability strategies and practices.

The Group is also guided by an established ESG Policy addressing the Group's commitment on the ESG aspects of its sustainability practices.

Stakeholder Engagement

We recognise stakeholder engagement as an integral part of our decision-making process in order to find opportunities and manage the risks to address the Company's impacts and to achieve the Group's business and sustainability objectives. Our key stakeholders include shareholders, employees, customers, suppliers, government and regulatory authorities as well as our local communities. We define our key stakeholders as those who have interest in the Group and can either affect or be affected by the Group's business activities. We continue to engage with our stakeholders throughout the year to align our key priorities and concerns with our business practices and strategies, for the long-term value of the Company and its stakeholders.

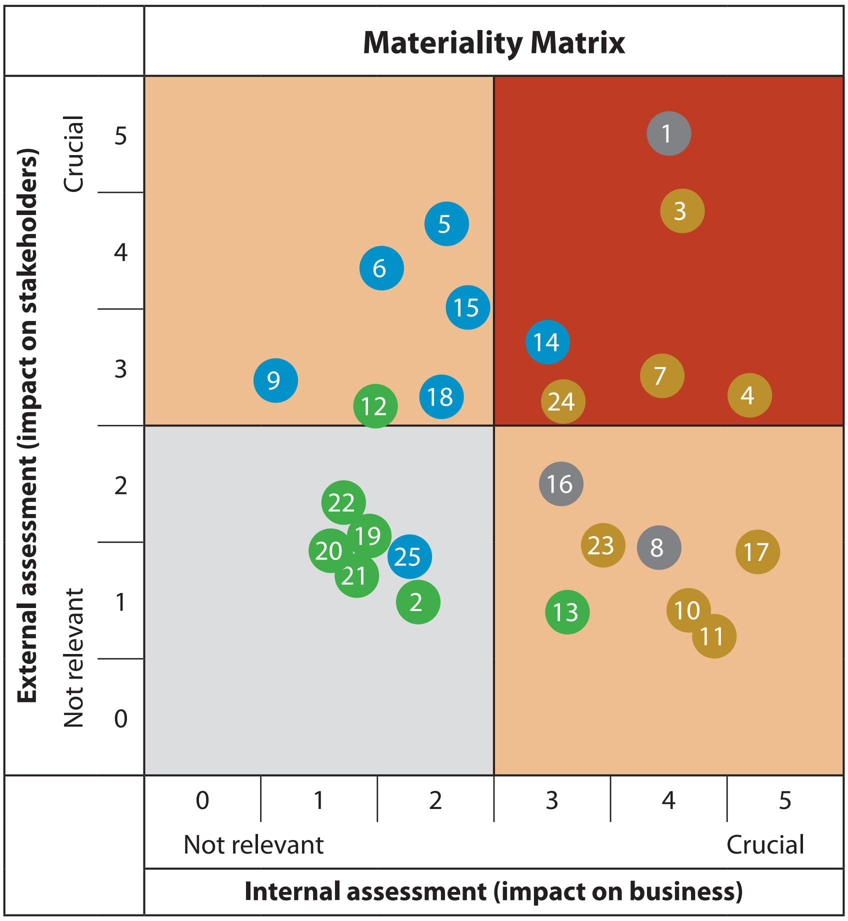
The table below outlines the Group's methods of engagement and how it responded to the interests or concerns for each of its key stakeholders in FY2023.

Key Stakeholders	Engagement Platforms	Areas of interest or concerns	Our response
Shareholders	**As and when required** • Press releases • Bursa Malaysia announcements • Website • E-mails • Non-deal road shows, investors' conferences and events **Quarterly** • Financial reports and announcements • Investor briefings **Annually** • Annual General Meeting • Annual Report and Sustainability Statement	• Shareholder interest that are aligned with Group's performance • Group's operations, strategic development and plans • Effective governance practices • ESG practices and performance	• Annual general meeting • Published Annual Report • Disseminate timely and material information on the Group's activities and performance • Conduct quarterly post-results briefings to investors • Continue to uphold good corporate governance practices across the Group

Key Stakeholders	Engagement Platforms	Areas of interest or concerns	Our response
Employees	**Ongoing** • Emails • Internal announcements **As needed** • Meetings • Employee briefings **Monthly** • Employee engagement activities **Annually** • Performance appraisals • Employee Feedback Survey	• Remuneration and benefits • Health and safety at workplace • Career advancement • Job satisfaction	• Employee engagement activities • Employee Feedback Survey issued in FY2023 • Quarterly performance appraisal review • Training and development opportunities • Health and safety training and inspections • Flexible working hours • Received "Best Employer Award 2023" from EPF for exemplary compliance and remittance of contributions
Customers	**Ongoing** • Meetings • Customer Support channels (via emails, websites or telephone calls) **As needed** • Public engagement (eg. seminars, exhibitions) **Annually** • Customer survey and feedback	• Reasonable pricing and affordability • Delivery of high-quality products and services • Source and operate businesses responsibly within the supply chain	• Maintained acceptable level of customer satisfaction • Issuance of customer feedback survey • Close engagement with customers to ensure products and services meet the required specifications • Offer competitive pricing • Adherence to ISO 9001:2015 and ISO 13485 quality standards • Address any customer complaints promptly
Suppliers	**As needed** • Business meetings • Supplier evaluation **Annually** • Supplier feedback • Supplier assessment	• Ensure suppliers meet or exceed quality standards • Timely delivery • Offer best pricing and cost efficiency • Health and safety of contract workers • Compliance with labour standards and regulations	• Supplier evaluation and assessment • Terms under the Corporate Supply Agreement which outlines the labour standards expected from suppliers
Government and regulatory authorities	**Ongoing** • Participation in seminars and workshops **As needed** • On-site visits • Reports • Meetings	• Ensure compliance with laws and regulations • Maintain standards and certification	• On-site visits • Regular engagement with relevant departments from Department of Occupational Safety and Health and Customs • Adherence to the laws and regulations • Supporting local government initiatives • Penang Deputy Chief Minister II visit to the Bayan Lepas production plant in October 2023
Communities	**As needed** • Meetings with local communities and relevant organisations • Community programmes	• To positively impact the different groups of the nearby communities	• Community investments by way of contributions to various organisations and vulnerable communities • Community care manager's regular engagement with selected organisations

Material Matters

The Board, with the support of the ESG Committee, reviews and validates the materiality assessment process for the Group. For this year, the Group conducted a limited review on the identified material matters that were disclosed in our previous statement. The Company conducted a materiality assessment in the financial year, from 1 January 2022 to 31 December 2022 ("FY2022") to identify key ESG issues that were deemed significant to the Group. The assessment was facilitated by a third-party consultant and internal stakeholders, comprising of members from the ESG committee. The team reviewed 25 material issues and prioritised 11 highly important topics based on their impacts on stakeholders and the business. These issues are anti-corruption, customer satisfaction, supply chain management, protection of customer privacy, occupational health and safety, employee welfare, employee training, operational impact, product quality control, intellectual property and product safety. The following materiality matrix provides an overview of the materiality matters assessed and prioritised in the previous statement:



1 Anti-corruption
2 Climate change
3 Supply chain management
4 Protection of customer privacy
5 Occupational health and safety
6 Employee welfare
7 Operational impact
8 Compliance
9 Employee diversity
10 Product safety
11 Product quality control
12 Management of hazardous waste
13 Packaging of finished products
14 Employee training
15 Talent recruitment and retention
16 Corporate governance
17 Research & development
18 Community contribution
19 Water resources management
20 Management of non-hazardous waste
21 Greenhouse gas
22 Energy consumption
23 Customer complaint handling
24 Intellectual property
25 Child labor and forced labor

Based on the limited internal assessment conducted this year, we acknowledge that the 11 key material topics continue to be relevant to the Group's strategic objectives and stakeholder expectations in FY2023.

In addition to the 11 material topics referred to above, the Company has aligned its ESG disclosures with the material topics in this Statement prescribed under the common material sustainability matters stipulated in Annexure PN9-A of Bursa Malaysia's Main Market Listing Requirements. Where applicable, we have also aligned the material topics with the disclosures under Appendix C2 to the Main Board Listing Rules of the HKEX. The Board, with the support of the ESG Committee, reviews and validates the materiality assessment process, including the assessment for this Statement. The Group aims to conduct an annual review of its material matters to assess their relevance and importance to its economic, environmental, social and governance impacts. Further details on how the Company has streamlined the material matters for this Statement are outlined under the Sustainability Framework section below.

Risk Management

The Board recognises that for good corporate governance, it is important to maintain a sound risk management and internal control system. The Board, via the Audit Committee, reviews on a regular basis, the adequacy and effectiveness of the risk management function and deliberates on risk management and internal control frameworks, functions, processes and reports. The Board has established a risk management committee which comprises of the Chief Financial Officer and senior management to assist in the risk management process within the Group. The Group's risk management committee meets at least once a year with oversight over finance, operations, compliance and risk management. The Group has in place an ongoing process to identify, evaluate and manage significant risks faced or potentially to be encountered by the Group. The Board is also kept abreast with the material ESG-related risks and opportunities disclosed in this Statement.

The Group aims to address risks and opportunities for the material matters listed in this Statement in more detail in the next reporting cycle. Further information on our risk management processes, please refer to the Statement on Risk Management and Internal Control section of the Annual Report 2023.

Sustainability Framework

To strengthen the Group's sustainability framework, we have aligned the material topics reported in the previous sustainability statement with the common material sustainability matters stipulated in Annexure PN9-A of Bursa Malaysia's Main Market Listing Requirements and where applicable, the material matters prescribed under the Appendix C2 to the Main Board Listing Rules of the HKEX. The material topics are repositioned under the following pillars:

Environmental	Social	Governance
• Energy Management • Water Management • Materials • Emissions • Climate change • Waste Management	• Employee Management • Diversity and Equal Opportunities • Development and Training • Health and Safety • Community Investments • Economic and Operating Practices - Supply Chain Management • Economic and Operating Practices - Product Quality and Responsibility • Economic and Operating Practices - Intellectual Property	• Anti-Corruption and Bribery • Data Privacy and Security

The above sustainability framework serves to systematically address the Company's material ESG matters, which have been previously reported, in a clearer and focused manner under each pillar. As mentioned above under the preceding section on Material Matters, we initially prioritised the key material topics being anti-corruption, customer satisfaction, supply chain management, protection of customer privacy, occupational health and safety, employee welfare, employee training, operational impact, product quality control, intellectual property and product safety. For this Statement, key changes we have made from our previous statement is to reposition the material issues under headings that are aligned with the relevant disclosure requirements.

United Nations Sustainable Development Goals

The Group has also identified seven United Nations ("UN") Sustainable Development Goals ("SDGs") that are aligned with the Group's sustainability practices. The Group aims to contribute towards the global goals under the following UN SDGs:

UN SDGs	Material Matters	Group's efforts to align with UN SDGs	Reference
3 GOOD HEALTH AND WELL-BEING **Goal 3:** *Ensure healthy lives and promote well-being for all at all ages*	• Employee Management • Health and Safety	• Promoting healthy lifestyles through sports and other employee engagement activities • Maintaining workplace health and safety standards	Pages 44 to 48 & Pages 53 to 54
4 QUALITY EDUCATION **Goal 4:** *Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*	• Development and Training • Community Investments	• Providing training and development programmes to support skills development and career growth opportunities • Increase in community investments in FY2023 as compared to FY2022	Pages 51 to 58
8 DECENT WORK AND ECONOMIC GROWTH **Goal 8:** *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*	• Employee Management • Development and Training	• Equal opportunities to all employees • Remuneration and benefits • Providing training and development for career growth opportunities and share scheme to eligible employees	Pages 44 to 54
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **Goal 9:** *Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation*	• Intellectual Property	• Innovation and development of new products and solutions	Pages 61 to 62
10 REDUCED INEQUALITIES **Goal 10:** *Reduce inequality within and among countries*	• Employee Management • Diversity and Equal Opportunities • Community Investments	• Equal opportunities for all employees for employment and promotion • Contributions by way of donations to local communities	Pages 44 to 51 & Pages 54 to 58
12 RESPONSIBLE CONSUMPTION AND PRODUCTION **Goal 12:** *Ensure sustainable consumption and production patterns*	• Waste Management	• Monitoring of waste generated across the Group's operations • Group's commitment to reduce total hazardous and non-hazardous waste by 20.0% by 2030	Pages 42 to 44
13 CLIMATE ACTION **Goal 13:** *Take urgent action to combat climate change and its impacts*	• Energy Management • Water Management • Emissions • Climate Change	• Established policy on commitment to minimise environmental impacts • Group's commitment to reduce intensity for greenhouse gas ("GHG") emissions as a whole as well as reduce intensity for both water and energy consumption by 20.0% by 2030	Pages 38 to 40 & Pages 41 to 42

Management Approach for Material Matters

ENVIRONMENTAL

The effects of climate change and GHG emissions on our environment as well as the scarcity of natural resources are becoming serious global risks that require urgent attention in the interest of protecting the natural world from unavoidable consequences. The Group recognises the importance of these circumstances and has embraced sustainable practices progressively across its value chain. The Group has committed under its ESG Policy to minimise its operational impact on the environment and natural resources and will take all necessary measures to manage them effectively. This includes the efficient use of natural resources, including energy, water and other raw materials. To support the Group's commitment to environmental stewardship, the Group sponsored the Penang Green Industry Program in FY2023, a program led by the Penang State Government in harnessing green technology and supporting holistic green initiatives to achieve a sustainable and resilient Penang.

The Group strives to operate responsibly through compliance with environmental laws, regulations and standards including the Malaysian Environmental Quality Act 1974. As at 31 December 2023, the Group is not aware of any material breach, incidences of non-compliance with any environmental protection laws or regulations in the countries where it operates in relation to air and GHG emissions, discharge of water and land, generation of hazardous and non-hazardous waste.

As we enhance the Group's data collection and monitoring mechanisms, we have restated some of the previous years' environmental data under the respective material matters. These adjustments were made to align with the improved calculation methodology applied in FY2023 and where applicable, to reflect the change in the scope and boundaries covered in this Statement to include only the Malaysian operating entities.

Use of Resources

Under the ESG Policy, the Group must efficiently plan the use of natural resources, such as water and energy and other raw materials used in production, storage, transportation, building, electronic equipment and other related areas. The Group is dedicated through its practices to ensure use of these finite resources are managed responsibly across its operations.

As part of the Group's efforts to mitigate climate change, the Group has committed to achieving a reduction in energy and water consumption intensity respectively by 20.0% by 2030, stating 2020 as its baseline year.

Energy Management

Electricity

The Group continues to implement its energy consumption savings and efficiency practices adopted over the last ten years in both its production plants in Bayan Lepas and Batu Kawan. The initiatives included replacing all lighting with energy-efficient light-emitting diode ("LED") bulbs, using smart sensors to control lighting in the factories and installing a rainwater harvesting system in the Bayan Lepas plant. Air-conditioning systems in both plants are centralised systems that rely on chilled water. Our production facilities require 24-hour air-conditioning to maintain the controlled temperature and humidity conditions. Employees are reminded through signages across the offices to switch off lights when not in use and to play a part in conserving electricity.

The up-and-coming Campus 3 in Batu Kawan, Penang, will be fitted with resource-efficient fittings and renewable energy equipment such as solar-cell panels ready fittings, rain-water harvesting system, LED lighting, zoning and smart building automation sensor to better control the use of energy for lighting and air-conditioning. These initiatives are aimed to improve the Group's overall energy efficiencies across its operations to align with the set targets.

Item	FY2023		FY2022		FY2021	
	Amount (kWh '000)	Intensity[2]	Amount (kWh '000)	Intensity[2]	Amount (kWh '000)	Intensity[2]
Purchased Electricity Consumption [1]	6,040.32	8.73	6,464.24	10.76	5,576.63	10.97

Notes:

1. *Total annual purchased electricity consumption covers electricity usage at Bayan Lepas and Batu Kawan production plants.*
2. *Electricity consumption intensity is calculated based on the total amount of purchased electricity (in kWh '000) over the Group's total revenue (in RM' million) in FY2023, FY2022 and FY2021 respectively.*

Target	FY2023 Progress and Performance
20.0% reduction in the Group's energy consumption intensity by 2030 from its 2020 baseline	The total energy consumption recorded in FY2023 was 6,040,316 kWh (21,745.14 Gigajoules (GJ)), resulting in a 6.5% reduction from FY2022. The total energy consumption includes electricity as the main source of energy for the Group. The energy consumption intensity recorded a slight reduction against the Group's revenue growth in FY2023, from 38.75 GJ per RM' million in revenue recorded in FY2022 as compared to 31.43 GJ per RM' million in revenue for FY2023.




Water Management

The Group is guided by its ESG Policy to ensure water consumption is managed responsibly throughout the operations to minimise unnecessary resource wastage. The Group sources water from the local water supply operator, Penang Water Supply Corporation (Perbadanan Bekalan Air Pulau Pinang), for both the production plants in Penang. To date, the Group has not faced any material challenges in obtaining water that is fit for purpose. Water consumption is primarily utilised in the offices for the air-conditioning systems, drinking water and toilets. We conduct annual laboratory tests on the drinking water from various locations in our plants to ensure they are free from contamination. The toilets are installed with mechanical and electronic sensors to reduce any wastage. We monitor the Group's water consumption data from its monthly water invoices. The Group does not currently monitor water (effluent) discharge as our operations does not generate effluent from the operations, save and except toilet discharge which is currently being handled by the national sewerage company in Malaysia.

During the reporting year, the Group did not have any incidents of non-compliance pertaining to water quality, permits, standards and regulations.

Item	FY2023		FY2022		FY2021	
	Amount *(m^3)*	Intensity[(2)]	Amount *(m^3)*	Intensity[(2)]	Amount *(m^3)*	Intensity[(2)]
Water Consumption [(1)]	30,033	43.40	30,293	50.44	33,048	65.01

Notes:
1. *Total annual water consumption covers water usage at Bayan Lepas and Batu Kawan production plants.*
2. *Water consumption intensity is calculated based on the total amount of water consumption (in m^3) divided by the Group's total revenue (in RM' million) in FY2023, FY2022 and FY2021 respectively.*

Target	FY2023 Progress and Performance
20.0% reduction in water consumption intensity by 2030 from the Group's 2020 baseline.	During the year, the total water consumption recorded was 30,033 m^3 (30.03 megalitres), resulting in a slight reduction as compared to FY2022. Water consumption intensity also reduced slightly against the revenue growth in FY2023. We recognise that the Group will need to do more raise awareness among its employees through campaigns and reminders on water saving habits in the office premises and where feasible, to rely on rain water harvesting to ensure that the Group is on track with the Group's water consumption targets.

Materials

The key materials used in the Group's production activities are mainly fabricated metal components, electrical components and wiring. To pack finished products, the Group utilises cardboard boxes, wooden crates, plastic, bubble wrap and paper to ship the products out of the production plants. To manage the use of materials in the Group's activities, all of its employees are guided by the "Cost With No Waste" principle in ensuring that no excessive waste is generated from the materials used in the production activities and the packaging materials. We currently monitor the materials that form part of the packaging materials used for the finished products and use of other raw materials such as paper in our operations. Our consumption of packaging materials rose in FY2023 compared to FY2022, reflecting the Group's revenue growth and order volumes. The table below provides an overview of the packaging materials used over the last three financial years.

Item	FY2023		FY2022		FY2021	
	Amount *(tonnes)*	Intensity[(2)]	Amount *(tonnes)*	Intensity[(2)]	Amount *(tonnes)*	Intensity[(2)]
Packaging Materials [(1)]	148.39	0.21	117.09	0.19	108.39	0.21

Notes:
1. *The data for packaging materials does not include the paper purchased for printing purposes to meet shipping or other regulatory application requirements.*
2. *Packaging consumption intensity is calculated based on the total packaging materials (in tonnes) used over the Group's total revenue (in RM' million) in FY2023, FY2022 and FY2021 respectively.*

Over the last three financial years, there has been a significant reduction in paper consumption within the Group's operations. This was achieved with the removal of significant number of printers at site and the implementation of a no printing initiative. Additionally, the Group adopted an electronic signature platform to facilitate electronic signing of documents, thereby eliminating the need of printed copies. The Group recorded 1.37 tonnes of paper usage in FY2023 as compared to 2.35 tonnes in FY2022 and 2.43 tonnes in FY2021 respectively. We excluded paper consumption intensity disclosures in this section as we have streamlined this topic to focus on the packaging materials.

Emissions

The Group recognises that GHG emissions and energy consumption play a significant role in climate change impacts. It is vital for the Group to responsibly lower its carbon footprint across the value chain in areas where there is an impact to enhance the Group's operational resilience.

The Group aims to reduce its overall GHG emissions intensity by 20.0% by 2030, using 2020 as the base year. In order to effectively reduce the Group's GHG emissions, the Company must be clear as to which activities generate the most emissions in the Group's value chain.

We conducted a review in FY2023 on the Group's activities that fall within Scope 1 GHG emissions in FY2023. Scope 1 emissions are direct emissions that come from sources owned or controlled by a company. We recognise that there was an oversight in the emissions table in PCB's previous report that reflected air pollutants under the Group's direct Scope 1 GHG emissions. As Scope 1 GHG emissions refer to the direct emissions generated from combustion of mobile or stationary sources from vehicles that are under our control from the Group's operations, we recognise that the Group does not currently track the significant activities that fall under Scope 1. Although the Group utilises motor gasoline and diesel oil for vehicles and equipment, a significant portion of this is not from the Group's own or leased vehicles under the Group's control. The Group utilises third-party sources to transport materials and products to and from the plants to various locations. A small number of corporate vehicles owned by the Group are used for business activities. However, fuel usage on these vehicles is not currently tracked. The Company will continue to review and assess all of the Group's activities in more detail to ensure the Group's GHG inventory is developed accurately.

Scope 2 emissions are GHG emissions associated with the purchase of electricity, steam, heat or cooling. The indirect emissions under Scope 2 GHG emissions are mainly contributed from the consumption of purchased electricity in the Group's production plants and offices. The Group's indirect Scope 2 GHG emissions has reduced in FY2023 from FY2022, correlating with the reduction in the purchased electricity consumption for the Group in FY2023.

For indirect Scope 3 GHG emissions, we have collated data on the emissions generated from our employees' business travel by air over the last three financial years. In FY2023, the Group's indirect Scope 3 GHG emissions amounted to 206.44 tCO_{2}-eq. We intend to further develop our Scope 3 GHG emissions inventory data to facilitate the identification of any strategies and setting of targets.

Based on the updated GHG emissions data, we will revisit the Group's GHG emissions intensity targets to reassess any gaps in our previous disclosures. The table below provides the breakdown of the Group's GHG emissions and the intensity for the last three financial years.

Emission	Breakdown	FY2023		FY2022		FY2021	
		Amount *CO_{2}-eq (tonnes)*	**Intensity**[(3)]	**Amount** *CO_{2}-eq (tonnes)*	**Intensity**[(3)]	**Amount** *CO_{2}-eq (tonnes)*	**Intensity**[(3)]
GHG[(1)]	Indirect Scope 2 [(2)]	4,578.56	6.62	4,899.89	8.16	4,227.09	8.31
	Indirect Scope 3 (Business travel by air) [(4)]	206.44	0.30	138.55	0.23	82.22	0.16

Notes:
1. *The Group's GHG emissions calculation methodology is based on the GHG Protocol Corporate Accounting and Reporting Standard using the operational control and consolidation approach.*
2. *To calculate the Indirect Scope 2 GHG emissions, the grid emission factor for purchased electricity in Peninsular Malaysia is sourced from the latest published grid electricity emission factor by the Malaysian Energy Commission, which is at 0.758 kg/CO2e/kWh for 2021. The figures for FY2022 and FY2021 are restated to take into account these latest published rates.*
3. *The GHG emissions intensity is calculated based on the total amount of emissions (in tonnes) under each scope over the Group's total revenue (in RM' million) in FY2023, FY2022 and FY2021 respectively. The indirect Scope 2 GHG emissions intensity figures for FY2022 and FY2021 are restated to encompass the restated Scope 2 GHG emissions for FY2022 and FY2021.*
4. *Indirect Scope 3 GHG emissions are derived from the Group's employees' business travel by air data recorded in FY2023, FY2022 and FY2021. The GHG emissions are calculated using the International Civil Aviation Organisation (ICAO) carbon emissions calculator (ICAO Carbon Emissions Calculator (ICEC)).*

The Group has also previously reported on the nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") indicators under the Emissions topic. These are related to air pollutants that contribute to climate change and are harmful to the environment. The NO_x, SO_x and PM were calculated based on data from vehicles that are used in the Group's supply chain and from published emission factor. As part of the Group's efforts to align the appropriate indicators with the relevant material topics, we excluded air pollutants from this Statement. We recognise that the Group's previous disclosure on air pollutants did not adequately reflect (from the Group's operations) the prescribed disclosures on significant air emissions that are regulated under international or national laws and regulations.

Target	FY2023 Progress and Performance
Reduce direct and indirect GHG emissions intensity as a whole by 20.0% by 2030, as compared to the baseline year of 2020	The total GHG emissions for FY2023 for the Group is 4,785.00 tCO_2-eq, a 5% reduction from the total GHG emissions of 5,038.44 tCO_2-eq in FY2022.

Climate Change

As previously reported, the Group has initiated a preliminary assessment of the Group's operating conditions to prepare for a more closer disclosure alignment with the task force on climate-related financial disclosures ("TCFD") recommendations. The Group acknowledges the need for additional time to collaborate with all our internal teams and stakeholders to address the climate-related risks, including assessing the physical and transitional risks, more accurately.

The Group has established a Business Continuity and Disaster Response and Recovery Plan which provides procedures and processes for recovery operations and to reduce business interruptions in the event of any catastrophic events. Part of the business continuation planning process involved the Group's identification of potential threats to natural hazards which included climate-related risks such as floods and tropical storms.

The Group plans to take further steps in the coming years to strengthen its alignment with the climate-related disclosures. The core elements of disclosures under the TCFD recommendations include: Governance, Strategy, Risk Management and Metrics and Targets.

We currently track our climate-related performance on the following areas:

a) Indirect Scope 2 and Scope 3 GHG Emissions
b) Energy Consumption
c) Water Consumption
d) Waste Generation

The Environment and Natural Resources

The Group does not currently engage in activities that has any direct or significant impact on the environment and the natural resources in the course of its business operations.

Waste Management

Waste generated in the production facilities are generally categorised as either general waste, scrap or scheduled waste. The Group has established procedures under the Scrap and Waste Disposal procedures to outline waste management from identifying, segregating, managing, recording and disposition of waste materials to safeguard staff, workplace and the environment to ensure compliance with regulatory requirements. All of the Group's employees are to adhere to these procedures.

Scheduled waste, which is also known as hazardous waste, primarily comprises of electronic components such as dry cells, cartridges, spoilt lightnings, hydraulic oils and lead acid batteries, those which are categorised under the First Schedule (Regulations 2) of the Malaysian Environment Quality (Scheduled Wastes) Regulations 2005. The Scheduled Waste recorded in FY2023 include:

SW Code	Name of Waste
SW110	LED Tube
SW110	E-waste

SW Code	Name of Waste
SW102	Lead Acid Batteries
SW417	Print Cartridge

The hazardous waste must be removed and stored in a controlled waste room and disposed appropriately. Thereafter, collected by an approved contractor every 180 days. Each of the production plants have assigned a "competent person" to record, monitor and report on a monthly basis to the Malaysian Department of Environment the amount of hazardous waste generated from the operations.

Non-hazardous waste comprises mainly of plastic, cardboard boxes, wooden pallets and are collected for disposal at the landfill or for recycling by an approved contractor. The Group also records "scrap" as non-hazardous waste that may be generated from production, office equipment, furniture or fittings. Scrap mostly consists of resalable metal such as iron, aluminium, stainless steel, copper or plastic. Timber wood and paper are also treated as scrap. For metal and plastic, the scrap material is segregated and kept at designated locations for recording and later collected by an approved contractor for disposal. For timber wood products (unused, damaged wooden crates or pallets), these will be collected and discarded from the production, loading bays or the warehouse areas. Generally, timber wood products are for one-off use and are not expected to be recycled. General waste is generated at the facilities mainly from the canteen where leftover food, plastic, lunch boxes or used paper are disposed. The Group discards the general waste into the local council rubbish bin located outside the facilities. The general waste is retrieved by the local council rubbish collector at appropriate times for disposal to the landfills. The Group does not currently measure the amount of general waste generated in the operations. The Group will need to review in more detail how to assess and track the waste diverted from and directed to disposal separately.

The Group has embedded its commitment to reduce wastage and make efficient use of resources across its operations through several key programmes:

(a) **3 R Concepts (Reduce, Reuse and Recycle)**

This is an ongoing initiative carried out throughout the year to ensure employees play their part in segregating waste into recycling bins provided to encourage proper disposal or waste from the source. This is in line with the Penang State Government's efforts to reduce waste to landfill programmes.

In FY2023, a significant measure was taken to reduce printing across all the offices. This involved the removal of a significant number of printing machines on-site.

(b) **"Cost With No Waste"**

The "Cost with No Waste" initiative has been implemented since 2016. As part of the Group's efforts to minimise waste from the design to completion of the products or solutions, each assignment will be built-to-order and materials are only sourced after receiving final approval from customers. This means the Group must only procure materials that will be utilised to reduce any unnecessary waste and mitigate the impact on the ecosystem within its operations.

The table below provides an overview of the Group's overall waste generation over the last three financial years:

Waste	Breakdown	Unit	FY2023		FY2022		FY2021	
			Amount	Intensity[(1)]	Amount	Intensity[(1)]	Amount	Intensity[(1)]
Total hazardous waste	Industrial wastage	Tonnes	0.75	0.0011	0.21	0.0003	0.59	0.0012
Total non-hazardous waste [(2)]	Solid wastage	Tonnes	29.77	0.043	23.82	0.040	17.86	0.035

Notes:
1. *Total waste consumption intensity is calculated based on the hazardous waste or non-hazardous waste generated (in tonnes) over the Group's total revenue (in RM' million) in FY2023, FY2022 and FY2021 respectively.*
2. *The total non-hazardous waste and non-hazardous waste intensity are restated for FY2022 and FY2021. The restatements are a result of adjustments made to the current waste data collection methodology, aimed at improving accuracy.*

Target	FY2023 Progress and Performance
Reduce production of hazardous and non-hazardous wastes as a whole by 20.0% by 2030, as compared to the baseline year of 2020	The total waste generated in FY2023 amounted to 30.52 tonnes, as compared to 24.03 in FY2022. The total waste generated in FY2023 is higher due to the Group's production activities and consistency in the methodology to track waste generated in FY2023. Moreover, waste generation has increased in line with the growth in revenue and workforce size in FY2023.

SOCIAL

Employee Management

Our employees are key to the sustainable growth and success of the Group. It is vital for us to recruit, develop and retain a highly engaged workforce in a safe, healthy and productive work environment where they feel valued and empowered.

The Board and all employees of the Group are guided by the Company's Code of Conduct as to how to conduct themselves in their daily activities. The Code of Conduct reinforces a company-wide ethical standards and to sustain a work environment that fosters integrity, care, respect and professionalism. The Code of Conduct is published on the Company's website.

The Company's Human Resources ("HR") department manages all the HR related matters centrally for the Group. All communication or messaging to our employees are usually made via emails, signages across the production facilities, face to face meetings and the shared public folder where all employees have access to the policies such as the Employee Handbook. The Employee Handbook outlines the latest employment benefits, code of ethics, the safety and health standards.

As at 31 December 2023, the Group continues to adhere to all the local employment laws and regulations including the Malaysian Employment Act 1965 and are not aware of any incidents of any breaches to any laws or regulations in relation to the Group's HR related practices.

For this Statement, we have improved the Group's disclosures with a refinement of the employment data breakdown. We have restated some of the previously reported performance data to align with the calculation methodology applied for the FY2023 information and with the scope of this Statement that covers only the Malaysian operating entities. In some cases, where the Group is reporting on a new indicator, only one year's data is available.

Sustainability Statement

Best Employer Award

In August 2023, one of the subsidiaries of the Company was awarded with the Best Employer Award 2023 by EPF. This award recognised employers who have demonstrated exemplary compliance and prompt remittance in contributing to EPF. The subsidiary of the Company was among the top performers selected from over 22,000 companies in Penang to receive this award.

Talent recruitment

As a progressive employer, the Group remains steadfast in providing opportunities for employment irrespectively of nationality, age, gender, marital status, race, religious beliefs or disability. The Group adheres to its Recruitment Policy closely to promote hiring based on merit and expertise. We have an established Recruitment Policy with systematic procedures and guidelines for recruitment and selection of candidates. The Group participates in career fairs in Malaysia throughout the year to seek any potential young talents to join the Group. Such initiatives reinforce the Group's commitment towards hiring from local communities and providing employment opportunities locally. As the Company's operations are predominantly in Malaysia, all of the employees in the Group are all based in the Malaysian operations.

Labour Standards

The Group's Recruitment Policy reinforces its recruitment practices to not hire any child labour in any of the countries, or support any forced labour or use forced labour in its operations. The minimum age allowed for recruitment in the Group is 18 years old. Any person who has attained the age of 15 and under the age of 18, may be considered for an apprentice contract or vocational training subject to HR clearance.

We plan to review our human rights provisions within our policies. The aim is to ensure our approaches and mechanisms are clearly defined and aligned with our human rights commitments to effectively integrate them into the Group's corporate practices.

During FY2023, the Group did not receive any reports of any incidents or substantiated complaints concerning human rights violations or any instances of non-compliance with any labour standards.

Performance Appraisal and Remuneration Benefits

With our open communication policy, the Group has implemented a structured annual performance appraisal review process. At the end of each calendar year, all of the Group's employees go through a review process with their respective supervisors to assess their performance and provide a two-way communication channel to gather feedback and discussions on any required training and support needed to drive individual and team performance.

The salaries of the Group's employees are benchmarked against industry market rate and commensurate with individual qualifications, work experience and ability. We believe that all our employees have the right to receive equal remuneration for the work that is the same or of similar nature and ensures compliance with the minimum wage set by the Government of Malaysia and the relevant local laws. The Group also provides benefits such as leave entitlement (annual, sick, hospitalisation, marriage leave, maternity or paternity, medical insurance coverage, staggered flexible working arrangements and mandatory contributions to the employees' provident fund. Other special incentives available for eligible employees include discretionary bonus and incentive shares. On 1 April 2020, PIL adopted a share award scheme which is valid and effective for a term of ten years commencing from 1 April 2020 to serve as part of the Group's employee retention programme to retain existing employees and to attract suitable personnel for further development of the Group.

We have on site at the Bayan Lepas production plant, a Day Care Facility to accommodate a small group of children aged three to six years old. This facility is available for employees to drop off their young children from 8:00am to 6:30pm. Having such facility on site can help retain and recruit parents with young children by reducing their stress in finding day care facilities in close proximity to their workplace.

Employee Engagement Activities

To foster closer working relationship among the teams and promote a healthy work environment, the Group encourages non-work-related participation and internal engagement throughout the year. Pentamaster Activity Committee ("PAC") set up under the HR Department, is a working group comprising of individuals from various departments. The PAC helps identify, plan and organise various engagement activities for the Group based on areas of interest compiled from a consolidated wish list submitted from each division before each year end. These activities aim to build a culture of respect and camaraderie among our employees. The Group also maintains its own sports facilities at the Bayan Lepas production plant, including a multipurpose court and indoor rock-climbing facility to encourage employees to participate in sports activities.

Throughout the year, the Group conducted several employee engagement activities including events to raise health awareness on employee well-being with participation from various teams across the operations.

Sports Events and Other Off-Site Activities

The Group's employees participated in activities organised by third parties and those organised by the PAC during the year to promote healthy lifestyles and strengthen interdepartmental relationships as well as to increase productivity and employee satisfaction. These activities include:

Activity	Month
Arts and Craft This off-site team bonding activity involved 50 employees participating in a tufting workshop at an art studio in Penang.	April 2023
Hiking Approximately 50 employees took part in a hiking activity, commencing from Lintang Bukit Jambul in Penang.	May 2023
Team Building at Bertam Resort Waterpark A group of about 120 employees gathered for a day out at the Bertam Waterpark Resort in Penang as part of an inter-departmental team building event.	August 2023
Glo Fun Walk The Glo Fun Walk at the Youth Park, was organised by Tech Dome Penang to raise funds for its activities. A group fo around 50 employees participated in the walk.	September 2023
Badminton Championship A Badminton Championship was held at the Company's sports facilities, with 12 teams participating in the tournament.	September 2023
Bowling A bowling tournament was held at Sunshine Square in Penang, participated by 80 employees.	December 2023

Health and Wellness

Pentamaster Health Day

To promote employees' health and wellness across the Group, "Pentamaster Health Day" event was held in June and July 2023 respectively. The event aimed to promote employees' health and wellness by offering a range of activities such as health check and first-aid training awareness. By providing employees with access to comprehensive health screenings and other wellness resources, the event empowered individuals to take proactive steps towards improving their overall well-being.

Blood Donation Drive

In conjunction with the "Pentamaster Health Day" held in July 2023, the PAC organised a one-day blood donation drive at the respective production plants to encourage employees to participate in voluntary blood donation. The goal of this event was to raise awareness about saving lives through blood transfusions as well as to highlight the Group's ongoing commitment to corporate social responsibility and employee well-being.

Health Day (Nutrition and Health Tests)

As part of the health awareness initiatives, a "Health Day" in September 2023 was organised at the Bayan Lepas production plant, offering free health and weight tests for 80 participating employees.

Wealth and Wellness Programme

In November 2023, a "Wealth & Wellness" day was held at the Bayan Lepas production plant, providing employees with access to free spine and health tests and consultation offered by expert third parties. Additionally, financial advisory services were also provided. About 100 employees took part in the programme.

Annual Dinner 2023

In June 2023, over 1,000 employees and family members gathered for a fun-filled night at Setia Spice Convention Centre, for the Group's "Hollywood" themed Company Dinner. This event brought a sense of belonging to a large organisational family, celebrating all the dedication and hard work of all our employees throughout the year.

Employee Feedback Survey

In December 2023, the HR department launched an inaugural group-wide Employee Engagement Survey to gain some insights from all levels of employment on how employees perceive the Group and to understand their concerns and needs. Based on the feedback from 42.0% of the employees from the Group who participated in the survey, the HR team identified the following key areas of concerns:

- Compensation and benefits
- Work-life balance
- Communication on information
- Material and equipment adequacy to carry out their roles

The Group aims to review the key concerns raised and identify areas on how to address and improve these practices in the coming year.

Employee attrition

The Group is proud of its loyal workforce. The total turnover rate for the Group in FY2023 is 11.0%, which has significantly reduced from the previous year. The total turnover rate in FY2022 was 30.0%.

The following tables provide an overview of the Group's employee turnover rates in FY2023:

Turnover Rate by Gender, Age and by Geographical Region (%)		
By Gender	**FY2023**	**FY2022**
Male	85.0	80.0
Female	15.0	20.0
By Age		
Under 30	62.0	54.0
Between 30-50	36.0	45.0
Above 50	2.0	1.0
By Geographical Region		
Malaysia	100.0	100.0
Others	0.0	0.0
Turnover Rate By Employee Category (Number)		
By Employee Category(1)	**FY2023**	**FY2022**
Management	6	15
Executive	60	160
Non-executive/Technical Staff	26	49
General Workers	0	1
Total	**92**	**225**

Note:
1. *This indicator is reported for the first time in FY2023.*

Diversity and Equal Opportunities

At the Group, we recognise the value that every individual brings with their diverse backgrounds and experiences. We strive to promote a culture of equal opportunities and non-discriminatory practices by encouraging a workplace where every individual has the opportunity for professional and personal growth.

Guided by the Company's Code of Conduct, the Group is committed to ensure a work environment that values diversity and riches of various cultures. The Group is committed to provide equal employment opportunity to all individuals and does not tolerate illegal discrimination or harassment of any kind. The types of discrimination that are not tolerated in the workplace include those based on race, religion, disabilities, gender or sexual orientation, age or nationality. The Group is dedicated to maintaining these fair practices in alignment with the Recruitment Policy, referred to above under the Talent recruitment section.

As at 31 December 2023, the Group's total workforce comprised of 859 employees (FY2022: 737 and FY2021: 696), of which 18.5% were female (FY2022: 18.3%, FY2021: 18.5%). All our workforce by geographical location for this Statement in FY2023, are based in Malaysia. The total workforce data for FY2023, FY2022 and FY2021 reflect the employees within the scope and boundaries covered in this Statement, which includes only the Malaysian operating entities. This means the workforce data in this Statement may vary from the data reported in other sections of the Annual Report 2023.

We have adjusted the Group's performance on diversity and workforce profile based on the following breakdown:

Employee Composition

By Employment Type	FY2023		FY2022	
	No.	%	No.	%
Permanent (Full-Time)	840	97.8	729	98.9
Contract	19	2.2	8	1.1
Total	**859**	**100.0**	**737**	**100.0**

Gender Diversity

By Gender	FY2023		FY2022	
	No.	%	No.	%
Male	700	81.5	602	81.7
Female	159	18.5	135	18.3
Total	**859**	**100.0**	**737**	**100.0**

Age Diversity

By Age Group (number)	FY2023	FY2022
Below 30	498	421
Between 30-50	317	275
Above 50	44	41

Employee Category by Gender

By Gender for each Employee Category (%)	FY2023	FY2022
(a) Management		
Male	12.7	14.1
Female	3.7	4.3
(b) Executive		
Male	49.1	52.0
Female	8.7	9.0
(c) Non-executive/Technical Staff		
Male	19.1	14.9
Female	5.5	4.3
(d) General Workers		
Male	0.6	0.7
Female	0.6	0.7

Employee Category by Age Group

By Age Group for each Employee Category (%)	FY2023	FY2022
(a) Management		
Under 30	0.4	0.4
Between 30-50	13.4	15.2
Above 50	2.7	2.9
(b) Executive		
Under 30	37.0	40.4
Between 30-50	19.1	18.7
Above 50	1.6	1.8
(c) Non-executive/Technical Staff		
Under 30	19.7	15.3
Between 30-50	4.3	3.3
Above 50	0.6	0.7
(d) General workers		
Under 30	0.9	1.0
Between 30-50	0.1	0.1
Above 50	0.2	0.2

Board Diversity

The current Board composition in FY2023 includes a 33.3% female representation and 66.7% male. The Board is also guided by the Company's Code of Conduct in carrying out their duties. The Board's age diversity in FY2023 is outlined as follows:

By Age (%)	FY2023
Under 30	0.0
Between 30-50	33.3
Above 50	66.7

Further details on PCB's Board, please refer to the Corporate Governance Overview Statement in the Annual Report 2023.

Development and Training

Our employees are our key assets and therefore, we are committed to invest in their professional career. Providing our employees with effective personal development training opportunities is important to the growth of our business and ensures that our workforce is up to date with industry trends. Under the ESG Policy, the Group is committed to develop and train employees to improve their knowledge and skills for discharging duties at work. We have an established Training Procedure that outlines a systematic approach to conduct training for continuous learning and hands on experience for staff to discharge their duties at work.

All new employees are required to attend one orientation training programme conducted by HR at least twice a month. The programme entails briefings on the Group, products, HR related matters, safety aspects on the job, the key policies including the Code of Conduct, the Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures. Each new employee is required to acknowledge on the orientation checklist that they have received the briefing on the relevant items listed. Continuous training for employees is available throughout the year with due consideration on the required annual training needs of each employee.

Based on the training plans and the performance appraisal review process, the HR department offers appropriate internal on-the-job and external training courses for employees to undertake. In FY2023, some of the training programmes covered include, among others:

- Orientation briefings for new employees across all levels
- Technical courses for forklift and reach truck operators
- Project Management, creative thinking, problem solving, Six Sigma tools
- Technical skills in autocad, geometric dimensioning & tolerancing
- Safety training from the Fire Department ("Bomba"), National Institute for Occupational Safety and Health ("NIOSH") training
- Leadership development programmes
- Upskilling programmes on technical courses related to job functions
- Programmes for information technology ("IT") and soft skills

In FY2023, the Group's employees completed a total of 8,949 hours on training, investing RM324,748.44 in external learning and development programmes. The training hours in FY2023 focused primarily on the mandatory group training sessions necessary for the teams involved in the medical equipment segment. The overall average training per employee was 10.3 hours, which is higher than to the average 8.9 hours per employee recorded in FY2022.

Below is an overview of the Group's training performance:

Development and Training	FY2023	FY2022
Total cost of training (RM)	324,748.44	476,819.02
Percentage of employees who received training (%)	74.3	48.9
Total number of hours of training received by employees (No.)[1]	8,949	6,567
Percentage of employees received training by gender (%)[2]		
Male	74.7	80.0
Female	25.3	20.0

Notes:
1. *FY2022 data on the total number of training hours is restated in this Statement, which now includes the total number of training hours participated by the employees and not just the total course hours.*
2. *FY2022 data is restated to take into account the revised total number of training hours in FY2022.*

Number and Percentage of Training Hours and Percentage by Employee Category

Employee Category	FY2023	FY2022	FY2023	FY2022
	No. of hours		%	
Management	2,605	1,755	82.3	61.3
Executive	5,938	4,308	82.7	55.7
Non-executive/Technical Staff	322	343	15.2	13.4
General Workers	84	161	60.0	88.9

Average Training Hours per Employee by Employee Category

Employee Category (Hours)	FY2023	FY2022
Management	22.5	20.9
Executive	14.2	17.5
Non-executive/Technical Staff	10.6	17.2
General Workers	14.0	20.1

Average Training Hours per Employee by Gender

Gender (Hours)	FY2023	FY2022
Male	14.2	18.1
Female	12.8	18.9

The Board attended training during the year to continue their professional development and enhance their knowledge on the latest developments including training on ESG and sustainability practices. Further information of the Board's continuous professional development is outlined in the Corporate Governance Overview Statement in the Annual Report 2023.

Health and Safety

Prioritising the health and safety of our employees and our contractors in our workplaces is utmost important for the Group. In line with the commitment in the Group's ESG Policy and guided by the Group's Environment, Health and Safety ("EHS") Policy Statement ("EHS Policy"), we strive to maintain a safe, accident free and zero fatality workplace environment for all.

The EHS Policy outlines the health and safety required under the Malaysian Occupational Safety and Health Act 1994. All employees and contractors of the Group are required to adhere to the EHS Policy.

The Group has engaged an external health and safety consultant to assist the Group manage health and safety matters. The Group's Health and Safety Committee is established at each production plant to develop safety and health rules, review effectiveness of safety and health programmes, carry out studies on accidents, near-miss accidents, dangerous accidents and report to the management of any unsafe or unhealthy conditions or practices at the place of work together with the recommendations for corrective actions. The Health and Safety Committee, comprising of representatives from various departments from the Group and is headed by the Operations Director, meet on a quarterly basis.

As part of the Group's efforts to ensure emergency readiness, we have established an Emergency Response Team ("ERT") at each of our production plants to ensure quick response will be available in the event of an emergency. The ERT consists of members from various departments at each plant and is led by the Operations Director. The Operations Director oversees the progress of the health and safety matters for the Group and provides updates to the Board on any issues.

The Bayan Lepas and Batu Kawan facilities are fitted with signages and TV screens to constantly remind our employees to prioritise safety in their working environment. As some of the technical work involves using tools and electrical wiring, employees are reminded to wear personal protective equipment and to keep tools and work area tidy to prevent unnecessary injuries. Our ceiling-based power points and compressed air facility are installed to prevent tripping.

Members of the ERT are provided with first-aid and fire safety training on an annual basis. At each of the production plants, a fire drill is carried out annually to ensure compliance with the fire safety requirements under the Bomba certification. New employees are briefed during the onboarding orientation briefings on the safety culture and practices adopted by the Group.

There is no medical clinic at site in any of the production plants. However, trained first aiders, first-aid kits and defibrillators are available on each site as first assistance to prevent any injuries from worsening. We provide company vehicles to transport any employee to the nearest medical facility if immediate medical attention is needed.

Health and Safety Training

In FY2023, a total of 22 employees were trained on various health and safety standards (FY2022:16).

Work-related Injuries

In the event of any accidents at site, the Group is required to report to the Department of Occupational Safety and Health ("DOSH") if the accidents caused any fatalities, or any serious bodily injury or where a dangerous occurrence takes place in any place of work. The Group is committed to maintain a zero-fatality rate annually by preventing any workplace incidents. No fatalities were reported in the Group in FY2023. One work-related injury occurred in FY2023 when a technical staff member injured his finger while assembling a machine at the production site. The staff member was immediately brought to the nearest clinic for medical treatment. Corrective action was taken to ensure that the machines are handled with adequate support during machine assembly stage in the future.

	FY2023	FY2022	FY2021
Total hours worked[(1)]	1,683,640	1,438,624	1,289,040
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0.0	0.0	0.0
Lost-time incident rate ("LTIR")[(2)]	0.0	0.0	0.0
Total number of work-related injuries [(3)]	1	0	2
Number of lost-time or days due to work injuries	6	0	65

Notes:
1. *Data for FY2022 and FY2021 is provided for the first time in this Statement.*
2. *This is a new indicator reported for first time in FY2023.*
3. *One injury was recorded in FY2023, related to a finger injury suffered by one of the Group's employees while assembling a machine on the production site.*

Community Investments

The Group strongly believes in supporting communities reflecting its commitment to sustainable practices and to create a positive impact. Through our community investments, we support the local communities where we operate in, aimed to create value and enhance the quality of life. Over the years, the Group has focused in giving back to the underprivileged groups, promoting education and supporting initiatives to create meaningful experiences. The Group is committed to the community well-being and works closely with focus groups to engage with communities.

A designated Community Care Manager assists the Group to identify relevant causes where the Group can best contribute and effectively support. Having a key contact on behalf of the Group, provides an easier communication channel to strengthen a closer relationship with the relevant focus groups.

In FY2023, the Group contributed approximately RM332,000 worth of monetary donations, which is an increase from the investments made in FY2022 and FY2021.

The following are some of the key activities the Group supported in FY2023:

- **Promoting Education**

  STEM Showcase 2023
  The Company supported students from Han Chiang High School to attend a science, technology, engineering and mathematics ("STEM") programme in Penang known as the STEM Showcase 2023 held in August 2023. This event aimed to ignite a passion for STEM among students and young participants, offering them an opportunity to engage directly with interactive technologies and industry players. As one of the exhibitors, the Company featured live demonstrations of robotics applications and encouraged students to interact with technology firsthand.

Penang International Science Fair 2023

The Penang International Science Fair 2023 ("PISF 2023") held in November 2023, aimed to offer a platform for students for comprehensive learning and interaction through a wide array of events including industry exhibits, hands-on workshops, competitions and MakerFest among other dynamic activities. The event gathered a vibrant mix of students, educators and industry players at the SPICE Arena in Penang. Over two days, the fair served as a hub for innovation and education, emphasising hands-on experiences and direct mentorship in the fields of STEM. The Company participated in the event by sponsoring and mentoring students from SJKC Kwang Hwa in Penang in realising their school projects called "Magnetic Car". This event provided the students an opportunity to showcase their project outcomes and interact with peers.

Chung Ling High School Science Carnival

The Company sponsored the Chung Ling High School Science Carnival held at SMJK Chung Ling in September 2023. This event took place on the school grounds and aimed to engage students and teachers in a wide range of STEM-related activities. The event was designed to promote a deeper understanding and appreciation of science and technology.

STEM Future-Proofing ("SFP") Initiative

From June 2023, the Company has stepped forward to sponsor RM60,000 for two groups of students from SMJK Chung Ling to undergo a two-year foundation-learning programme for engineering and computer science. In collaboration with the appointed training institution, INTI International College Penang, the Company has jointly conducted the student enrolment drive and have shortlisted 25 students for engineering and 21 students for computer science to join the programme.

- **Uplifting Underprivileged Homes and Communities**

Charis Hospice Charity Run

In March 2023, approximately 40 employees from the Group participated in the Charis Hospice Charity Run called, "together we care and share" to raise funds and awareness for Charis Hospice Penang. This organisation in Penang provides free palliative home care services to patients with cancer and other life-threatening diseases. This event aimed to raise funds and awareness for the hospice's palliative care services while promoting health and fitness within the community.

Salvation Army Charity

The Salvation Army in Penang organised an event in October 2023 to collect essential items such as clothing, household goods, non-perishable food items and monetary contributions. These contributions supported the organisation's mission of providing aid to those in need within the local community. The event offered an opportunity for the Group and its employees a chance to contribute, supporting marginalised and vulnerable members of society.

- **Promoting Environmental Causes**

Penang Green Market
Penang Green Market is a monthly Penang state-led initiative designed to serve as a platform for educating and promoting a zero-waste lifestyle. The Penang Green Council aims to increase public awareness of environmental issues and encourage the habit of using reusable containers for takeaway or dining at markets. The Company is the Gold Sponsor, contributing RM50,000 for the initiative which started in November 2023.

Bursa Bull Charge 2023
The Company provided monetary contributions to support the Bursa Bull Charge 2023 ("BBC 2023") event organised by Bursa Malaysia in October 2023. The main goal of the BBC 2023 is to raise awareness on the consequences of climate change and to inspire proactive climate action among Malaysian capital market stakeholders. The funds raised during the event will be channelled towards impactful projects focused on climate action or environmental protection.

- **Animal Welfare**

TNR for a Sustainable Balik Pulau
Trap-Neuter-Release (or Rehome) ("TNR") programme is a joint initiative by the International Aid for the Protection and Welfare of Animals ("IAPWA") Penang and the Penang Island City Council to manage the population of stray and 'free-roaming' dogs in Balik Pulau, Penang. The IAPWA is an international animal welfare charity organisation dedicated to improving the lives of animals in need. The Company has supported these efforts by contributing RM40,000 to IAPWA in FY2023.

- **Health Research**

JDRF One Walk, Arizona USA
The Company provided financial support for a charitable run organised by the Juvenile Diabetes Research Foundation ("JDRF"), a non-profit leading global organisation that funds type 1 diabetes ("T1D") research. JDRF's mission is to improve lives by accelerating life-changing breakthroughs to cure, prevent and treat T1D and its complications. The run aimed to raise funds for ongoing R&D of therapies.

In addition to the activities outlined above, the Group has also made monetary contributions to other charitable organisations, including Crystal Family Home and Pertubuhan Rumah Kebajikan Seri Cahaya in Penang, as well as providing support for a feeding the poor progamme in Nepal. We have not yet quantified the total number of beneficiaries who have benefited from the investments made in the communities selected by the Group. The Group intends to evaluate the most effective methods for measuring and monitoring the individuals or groups who benefit from these investments.


Science FAIR
Inspiring Innovation


RM 40,000.00


Plastic straw takes
200 years
to decompose

Economic and Operating Practices

The Group is a leading provider of advanced automation equipment and systems and is committed to delivering excellence in every aspect of its operations. With a focus on its core technology, continuous and providing high quality of products and solutions, the Group strives to set industry standards for its economic and operating practices. Our dedication to operational excellence and customer-centric approach ensures that the Group meets the needs of our customers, driving economic growth and success for the Group and stakeholders alike.

Supply Chain Management

We are committed to promote responsible and sustainable procurement practices including assessing suppliers based on established set of criteria. We recognise that collaborating with suppliers who do not adopt responsible and transparent business practices could potentially impact the Group's reputation and influence how the Group conducts its business. The Group has adopted into its business practices, the Responsible Business Alliance ("RBA") Code of Conduct, a set of standards on social, environmental and ethical issues in the electronics industry supply chain.

We have in place procurement procedures that outlines the procurement processes and sourcing strategies, including sourcing of materials and labour in line with the relevant requirements.

Supplier Engagement and Procurement Activities

A majority of the Group's suppliers are manufacturers, agents and distributors for materials required under the respective business segments, which include, among others:

- fabricated parts made of metal or plastic;
- sheet metal parts for machine structure;
- medical devices components such as plastic resin needles, metal stamping parts and packing materials; and
- standard electronic components such as pneumatics, motors, sensors, switches and power supply.

The Group engages subcontractors to supply manpower for wiring and assembly tasks involved during the production process. We also engage third-party contractors for the maintenance and enhancements of the Group's Enterprise Resource Planning ("ERP") system. Our collaboration with existing suppliers spans from 20 years to a one-year term, indicating our efforts to foster long-term relationships with our suppliers built on stable, reliable and shared values.

Approved List of Suppliers

The Procurement department maintains a list of approved suppliers for each type of sourced items. The Approved Vendor List, Evaluation and Performance Assessment Work Instruction procedures outline the criteria for each supplier to be included in the approved list of suppliers, among others, the supplier must be:

(a) legally registered business entity;
(b) in stable financial condition;
(c) provide service and respond to enquiries effectively; and
(d) provide a sustainable supply.

The Group maintains a diverse list of suppliers to avoid dependence on a single source. As at 31 December 2023, the Group has more than 1,000 number of approved suppliers.

The suppliers are selected from the approved list for each purchase based on price, terms, minimum order of quantity, capability, service and support, warranty term, lead time and on-time delivery. To maintain the suppliers on the approved list, each supplier is assessed annually on the quality, timelines of deliveries, customer service and pricing provided throughout the year. The Group intends to review its current supplier selection and assessment process to incorporate environmental and social risks criteria in the future.

The Group enters into a Corporate Supply Agreement with its main suppliers to secure fair terms and pricing, allowing quicker access to products and services required for its customers. A sample of the Corporate Supply Agreement is published on the Company's website. Sourcing needs are based on individual projects and customer requirements. In accordance with the Corporate Supply Agreement, all suppliers must adhere to the labour standards outlined in Schedule 1 of the Corporate Supply Agreement. These standards encompass the suppliers' commitment to uphold the human rights of workers such as prevention of forced labour and child labour, promotion of freedom of association, prevention of harassment and unlawful discrimination and compliance with all applicable wage laws including those relating to minimum wages.

The Group strives to source materials and parts mainly from local suppliers. In FY2023, the Group's proportion of spending on local suppliers amounted to approximately 78.9% of its procurement spending, which is an increase from the 59.9% spent in FY2022 and 67.9% in FY2021.

The table below provides an overview of the number of suppliers for the Group by geographical region over the last three financial years:

Number of Suppliers by Geographical Region	FY2023	FY2022	FY2021
Asia	927	901	857
America	64	70	67
Europe	22	27	32
Oceania	4	5	4
Total	**1,017**	**1,003**	**960**

The information on the proportion of spending on local suppliers and the number of suppliers by geographical region for FY2022 and FY2021 are restated above with the refinement of the scope of the entities covered in this Statement. The data presented in this section reflects the number of suppliers by geographical region to align with the disclosure requirements in Hong Kong, rather than expressed as a percentage as previously reported.

Product Quality and Responsibility

We strive to meet our customer requirements while ensuring compliance with applicable regulatory requirements and prioritising safety and health consideration to deliver high quality products. The Group's Quality Policy outlines a framework for setting measurable quality objectives that have been established for various function and levels of the Company, which includes a commitment to risk mitigation and continuous improvement of the quality management system.

As at 31 December 2023, the Group maintains the following certifications:

- IS0 9001: 2015 Quality Management Systems ("QMS")
- ISO 13485: Medical Devices – Quality Management
- Medical Device Registration Certificate issued by the Malaysian Medical Device Authority

The scope of the ISO 9001: 2015 QMS for the Group covers both the production plants in Bayan Lepas and Batu Kawan.

As part of the Group's efforts to uphold exceptional quality standards, its products may undergo rigorous testing to meet the specific requirements of our customers. Certain customers mandate adherence to RoHS (Restriction of Hazard Substances) compliance, a European Union ("EU") directive aimed to restrict use of certain hazardous substances in electrical and electronic equipment to safeguard the environment and public health. Additionally, some customers require the products, mainly machines, to be CE (European compliant) certified which is deemed to meet EU health and environmental protection requirements.

To control the quality of our products and solutions, the Group only procures from the approved list of suppliers who can meet the expected quality standards. In the quality assurance process, we initiate quality checks from the moment the materials sourced arrive at the respective production plant warehouses. This includes inspections on random sampling of the sourced materials to ensure they meet the Group's standards for product excellence. Mandatory checks are required on incoming materials for fabrication parts, sheet metal parts and critical components. The quality checks are conducted through visual inspection on the material appearance, dimensional check as well as fitting test with mating parts. Items that do not meet the specifications are rejected and returned. Further quality checks are conducted during the assembly or production stages. These internal measures provide assurance that only acceptable in-process products be allowed to process further and final buy-off products be allowed to ship to customers. Final checks are conducted by our quality team with a Factory Acceptance Test ("FAT") issued before products are shipped out to customers. A site acceptance test ("SAT") is issued after testing is conducted once the products are assembled and running at the customers' site. The Group's quality assurance processes are in line with the ISO 9001:2015 QMS standards.

Customer Satisfaction and Complaints Handling

The Group acknowledges that its customers satisfaction and their feedback are key factors in ensuring long-term success and to maintain the Group's reputation as a renowned player in the industry. We strive to enhance our customer satisfaction and consider their feedback and concerns to ensure high quality standards are maintained across all our products and services.

The Group's customer complaints are handled by our project teams. We log in customer complaints and rectify the problems immediately during the project schedule. Guided by the Handling of Customer Complaint Procedure Policy, the relevant project teams are required to respond within two working days in the event of any product quality related issues. Upon investigation, the relevant teams are required to submit a containment action plan to customers and implement it accordingly. In most cases, the project teams work closely with the customers to work on a reasonable timeline to fix the issues. In FY2023, the Group received four complaints from customers, relating to damaged or missing parts after shipment and software and system failures. Corrective action was taken to resolve these issues promptly with the customers within the project schedule.

To assess our customers feedback and enhance their experience with our products and services, the Group conducts an annual customer satisfaction survey mainly on their key customers (platinum or gold categories). The survey covers few points, among others, such as:

- responsiveness to queries;
- product quality;
- reliability and stability;
- technical support and service response time; and
- overall satisfaction with the Group.

Customer engagements are mainly carried out through emails, physical meetings, phone or video calls.

The table below provides an overview of the product recalls and customer complaints received by the Group over the last three financial years:

Product Recalls and Customer Complaints	FY2023	FY2022	FY2021
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0.0	0.0	0.0
Number of products and service-related complaints received	4	1	1

Intellectual Property

The Group is committed in observing and protecting its intellectual property rights. The rights to use technology behind the various design and manufacturing processes in the Group's business and industry as well as the protection of proprietary knowledge, technology and processes developed by the Group are crucial to its continuous success and development. If the Group's technology is infringed by way of unauthorised copying, use or imitation of technologies, this poses a significant risk and potential impacts on the competitive advantage, sales performance and overall reputation of the Group.

Based on the Group's business model, which focuses on core technology, continuous innovation and provision of customised high-value and technology products and solutions to customers, our R&D team work closely with the project teams to develop new solutions to meet customers' requirements. Such intensive R&D activities contribute to the high number of proprietary solutions with more intellectual properties ("IP") being filed. The Group has submitted applications to register several of its trademarks and affirmed the relevant statutory declarations in respect of the copyrights of certain software products.

The Group takes all necessary action to ensure all information is kept confidential and secure. Under the Code of Conduct, the Company must ensure all personal information on employees, customers, business partners or suppliers be used diligently and treated confidentially, respecting fully all privacy rights. The protection of such information is of the highest importance and must be discharged with the greatest of care to merit the continued confidence of the persons concerned. This applies specifically to intellectual property, such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing know-how, designs, inventions, database, records, salary information or any unpublished financial data and reports. All employees are required to sign a non-disclosure agreement ("NDA") to protect the Group's interest and safeguard the Group's proprietary information, trade secrets and confidential data. The NDAs are critical to safeguard against unauthorised disclosure, theft or misuse of sensitive information. The Group continuously reviews and enhances its intellectual property protection strategies and procedures to adapt to changing business environments, emerging technologies and evolving threats.

As at 31 December 2023, no action has been instituted against the Group on any infringement of IP rights.

GOVERNANCE

We believe in doing the right thing for our stakeholders, upheld through the highest standards of corporate governance and best practices that reflect our commitment towards accountability. Further details on the Company's corporate governance practices are set out in the Corporate Governance Overview Statement in the Annual Report 2023.

The Group places a strong emphasis on compliance with laws and regulations in ensuring our commitment to sustainable practices and strategy. We recognise the importance of adhering to all applicable laws and regulations governing our operations. We maintain rigorous internal processes and procedures to monitor and ensure compliance across all aspects of our business activities. As at 31 December 2023, no incidents of non-compliance were reported or made against the Group in relation to any permits, standards or relevant laws and regulations.

Anti-corruption and bribery

The Company recognises the importance of establishing and upholding good corporate governance and is committed to conducting business in accordance with the highest ethical standards in full compliance with all applicable laws, regulations and standards. The Group's reputation for integrity and honesty is based on this commitment and helps ensure its long-term success.

The Company has a zero-tolerance approach towards any form of corruption and bribery in conducting its business. The Company's Anti-Corruption and Bribery Policy provides guidance to prevent the occurrence of bribery and corrupt practices in the conduct of the Group's business. The Board has oversight over the Anti-Corruption and Bribery Policy. All existing employees must receive regular and adequate training on the Company's position regarding anti-corruption and bribery, integrity and ethics to ensure their thorough understanding of this Policy. New employees are briefed during the onboarding sessions on the Company's position on anti-corruption and bribery practices. The Company's Code of Conduct also reinforces the expectations of the Board, managers and employees not to conduct themselves in practices that seek to obtain business through improper means. In FY2023, 202 employees (FY2022: 268) participated in anti-corruption and bribery training. All our operations are assessed for corruption risks. In higher risk areas of the operations, the Group has stringent internal controls to effectively mitigate such risks.

Over the last three financial years, there were no confirmed incidents or concluded legal cases regarding corrupt cases brought against the Company and its employees.

To ensure that the high standards of openness, probity and accountability are maintained in the conduct of businesses and operations, the Company has in place a whistle-blowing channel as outlined under the Whistleblowing Policy and Procedures, for all employees, customers, suppliers and other stakeholders to raise concerns or any suspected misconduct, or malpractice within the company through confidential means. There were no reports made via the whistleblowing channels over the last three financial years.

Both the Anti-Corruption and Bribery Policy and the Whistleblowing Policy and Procedures are available on the Company's website.

Percentage of employees who have received training on anti-corruption by employee category (%):	FY2023	FY2022	FY2021
(i) Management	7.0	6.0	62.0
(ii) Executive	21.0	40.0	15.0
(iii) Non-executive/Technical	40.0	50.0	4.0
(iv) General Workers	10.0	78.0	0.0

Data Privacy and Security

With cybersecurity concerns becoming more prevalent and complex, it is vital for the Group to constantly enhance its preventive measures. The Group is committed to consumer data protection and privacy in compliance with the laws and regulations such as the Personal Data Protection Act 2010. Each employee is required to acknowledge PCB's Personal Data Protection notice, which covers the employees of the Group, regarding the collection, use, disclosure, holding and storing of the employee's data.

The Group backs up its operational data regularly and procedures are handled by its management information system operational team. Backup data are programmed on a daily basis to offsite server and tested on a quarterly basis to ensure the backup data is working appropriately. Backup data is available offsite and can be called on immediately in the event of system disruption. The Business Continuity and Disaster Response and Recovery Plan provides the support to sustain critical business processes during an unplanned interruption event.

As at 31 December 2023, there were zero substantiated complaints concerning breaches of customer privacy or loses of customer data. This is consistent with the results reported over the last three financial years.

Performance Data Table

Indicators	Unit	FY2023	FY2022	FY2021	Target
ENVIRONMENTAL					
Use of Resources					
Total purchased electricity consumption	kWh '000	6,040.32	6,464.24	5,576.63	
Purchased electricity intensity	per RM' million in revenue	8.73	10.76	10.97	
Total energy consumption	Gigajoules	21,745.14	23,271.26	20,075.87	
Energy consumption intensity	per RM' million in revenue	31.43	38.75	39.49	Reduce by 20.0% by 2030
Total water consumption	megalitres	30.03	30.29	30.05	
Total water consumption	m^3	30,033	30,293	33,048	
Water consumption intensity	per RM' million in revenue	43.40	50.44	65.01	Reduce by 20.0% by 2030
Packaging Materials					
Total packaging materials	tonnes	148.39	117.09	108.39	
Packaging materials intensity	per RM' million in revenue	0.21	0.19	0.21	
Other Materials					
Paper Consumption	tonnes	1.37	2.35	2.43	
Emissions					
Total GHG emissions	tCO_2-eq	4,785.00	5,038.44	4,309.31	
GHG emissions intensity	per RM' million in revenue	6.92	8.39	8.47	Reduce by 20.0% by 2030
Indirect Scope 2 GHG emissions	tCO_2-eq	4,578.56	4,899.89	4,227.09	
Scope 2 GHG emissions intensity	per RM' million in revenue	6.62	8.16	8.31	
Indirect Scope 3 GHG emissions (Business Travel)	tCO_2-eq	206.44	138.55	82.22	
Scope 3 GHG emissions intensity	per RM' million in revenue	0.30	0.23	0.16	
Waste Management					
Total waste generated	tonnes	30.52	24.03	18.45	Reduce by 20.0% by 2030
Waste consumption intensity	per RM' million in revenue	0.044	0.040	0.036	
Total hazardous waste	tonnes	0.75	0.21	0.59	
Hazardous waste intensity	per RM' million in revenue	0.0011	0.0003	0.0012	
Total non-hazardous waste	tonnes	29.77	23.82	17.86	
Non-hazardous waste intensity	per RM' million in revenue	0.043	0.040	0.035	

Indicators	Unit	FY2023	FY2022	FY2021	Target
SOCIAL					
Employee Management					
Turnover rate of employees	%	11.0	30.0	N/A	
Turnover rate by gender					
- Male	%	85.0	80.0	N/A	
- Female	%	15.0	20.0	N/A	
Turnover Rate by age group					
-Below 30	%	62.0	54.0	N/A	
-Between 30-50	%	36.0	45.0	N/A	
-Above 50	%	2.0	1.0	N/A	
Turnover Rate by Geographical Region					
-Malaysia	%	100.0	100.0	N/A	
-Others	%	0.0	0.0	N/A	
Total number of employee turnover by employee category					
-Management	No.	6	15	N/A	
-Executive	No.	60	160	N/A	
-Non-executive/Technical Staff	No.	26	49	N/A	
-General Workers	No.	0	1	N/A	
Number of incidents or substantiated complaints concerning human rights violations or non-compliance with labour standards	No.	0	0	0	
Diversity and Equal Opportunities					
Total number of employees	No.	859	737	696	
By gender					
-Male	No.	700	602	567	
	%	81.5	81.7	81.5	
-Female	No.	159	135	129	
	%	18.5	18.3	18.5	
Employees by employment type					
-Permanent (Full-Time)	No.	840	729	N/A	
	%	97.8	98.9	N/A	
-Contract	No.	19	8	N/A	
	%	2.2	1.1	N/A	
Employees by age group					
- Below 30	No.	498	421	N/A	
- Between 30-50	No.	317	275	N/A	
-Above 50	No.	44	41	N/A	
Employees by Geographical Region					
-Malaysia	%	100.0	100.0	N/A	
-Others	%	0.0	0.0	N/A	

Indicators	Unit	FY2023	FY2022	FY2021	Target
Employees by gender and age group for each employee category					
(i) Management					
-Male	%	12.7	14.1	N/A	
-Female	%	3.7	4.3	N/A	
-Under 30	%	0.4	0.4	N/A	
-Between 30-50	%	13.4	15.2	N/A	
-Above 50	%	2.7	2.9	N/A	
(ii) Executive					
-Male	%	49.1	52.0	N/A	
-Female	%	8.7	9.0	N/A	
-Under 30	%	37.0	40.4	N/A	
-Between 30-50	%	19.1	18.7	N/A	
-Above 50	%	1.6	1.8	N/A	
(iii) Non-executive/Technical Staff					
-Male	%	19.1	14.9	N/A	
-Female	%	5.5	4.3	N/A	
-Under 30	%	19.7	15.3	N/A	
-Between 30-50	%	4.3	3.3	N/A	
-Above 50	%	0.6	0.7	N/A	
(iv) General Workers					
-Male	%	0.6	0.7	N/A	
-Female	%	0.6	0.7	N/A	
-Under 30	%	0.9	1.0	N/A	
-Between 30-50	%	0.1	0.1	N/A	
-Above 50	%	0.2	0.2	N/A	
Directors by Gender and Age					
-Male	%	66.7	66.7	80.0	
-Female	%	33.3	33.3	20.0	
-Under 30	%	0.0	0.0	0.0	
-Between 30-50	%	33.3	33.3	40.0	
-Above 50	%	66.7	66.7	60.0	
Development and Training					
Total number of training hours received by employees	Hours	8,949	6,567	N/A	
Percentage of employees who received training	%	74.3	48.9	N/A	
Total employees who training by gender					
-Male	%	74.7	80.0	N/A	
-Female	%	25.3	20.0	N/A	

Indicators	Unit	FY2023	FY2022	FY2021	Target
Number of training hours and percentage by employee category					
-Management	Hours	2,605	1,755	N/A	
	%	82.3	61.3	N/A	
-Executive	Hours	5,938	4,308	N/A	
	%	82.7	55.7	N/A	
-Non-executive/Technical Staff	Hours	322	343	N/A	
	%	15.2	13.4	N/A	
General Workers	Hours	84	161	N/A	
	%	60.0	88.9	N/A	
Average training hours per employee (overall)	Hours	10.3	8.9	N/A	
Average training hours by gender					
-Male	Hours	14.2	18.1	N/A	
-Female	Hours	12.8	18.9	N/A	
Average training hours by employee category					
-Management	Hours	22.5	20.9	N/A	
-Executive	Hours	14.2	17.5	N/A	
-Non-executive	Hours	10.6	17.2	N/A	
-General Workers	Hours	14.0	20.1	N/A	
Health and Safety					
Number of work-related fatalities	No.	0	0	0	
Rate of work-related fatalities	%	0.0	0.0	0.0	
Lost-Time Incident Rate ("LTIR")	%	0.0	0.0	0.0	
Lost-days due to work injuries	No. of days	6	0	65	
Total hours worked	Hours	1,683,640	1,438,624	1,289,040	
Total number of work-related injuries	No.	1	0	2	
Number of employees trained on health and safety standards	No.	22	16	N/A	
Community Investments					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	332,000.00	256,000.00	152,000.00	
Supply Chain Management					
Total number of suppliers	No.	1,017	1,003	960	
Proportion of spending on local suppliers	%	78.9	59.9	67.9	
Product Quality and Responsibility					
Total products sold or shipped subject to recalls for health and safety reasons	%	0.0	0.0	0.0	
Number of complaints received on products and or services	No.	4	1	1	
Intellectual Property					
Number of actions instituted for any infringement of intellectual property rights	No.	0	0	0	

Indicators	Unit	FY2023	FY2022	FY2021	Target
GOVERNANCE					
Percentage of employees who have received training on anti-corruption by employee category					
-Management	%	7.0	6.0	62.0	
-Executive	%	21.0	40.0	15.0	
-Non-executive / Technical Staff	%	40.0	50.0	4.0	
-General Workers	%	10.0	78.0	0.0	
Percentage of operations assessed for corruption-related risks	%	100.0	100.0	100.0	
Confirmed incidents or concluded legal cases regarding corrupt practices and action taken	No.	0	0	0	
Employees participated in anti-corruption and bribery training	No.	202	268	129	
Whistleblowing reports via whistleblowing channels	No.	0	0	0	
Number of incidents of non-compliance with any permits, standards or relevant laws and regulations	No.	0	0	0	
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	No.	0	0	0	

Note:
N/A - means not available. Data that is not provided in FY2021 indicates it was not tracked.

Corporate Governance Overview Statement

The Board of Directors recognises the importance of good corporate governance and the need to ensure that it is observed and practised throughout the Group. It strives to continually improve and comply with the principles and recommendations on corporate governance as articulated in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

This Statement sets out the details on how the Group has applied the Principles and Recommendations mentioned above.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for guiding and monitoring the Company on behalf of its shareholders. The Board has adopted a Board Charter that sets out the division of responsibilities between the Executive Directors, the Non-Executive Directors and the management team. The Board delegates the day-to-day management of the business to the Executive Directors and the management team. However, certain functions are specifically reserved for the Board which include the following:

- in conjunction with management, establishing a vision and strategies for the Group;
- approving the Group's annual business plan and budget;
- approving specific items of material capital expenditure and investments and disinvestments;
- appointing Directors to the Board;
- appointing and approving the terms and conditions of appointment of Executive Directors;
- approving any significant changes to accounting policies;
- approving the quarterly financial statements;
- approving the annual financial statements;
- approving any interim dividends and recommending any final dividends to shareholders;
- approving all circulars, statements and corresponding documents sent to shareholders;
- approving the terms of reference and membership of Board Committees; and
- approving Company policies which may be developed from time to time.

Roles and responsibilities

In fulfilling its function, the Board assumes, among others, the following responsibilities:

- Promoting, together with senior management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour
- Providing leadership and strategic directions for the Group which supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability
- Overseeing the proper conduct of the business
- Ensuring prudent and effective controls and risk management system
- Reviewing the performance of management
- Overseeing the development and implementation of shareholder communication policy

In looking into future growth, the Group continues to grow its customer base into industries other than the semiconductor industry by leveraging on its core competencies in providing automation solution. This strategy of customer risk diversification and penetration into other industries is a risk strategy to mitigate against the highly cyclical nature of the semiconductor industry and also to ensure that the Group's earnings is not too dependent on a single industry.

The Board continues to monitor the execution of the strategies adopted to grow its customer base and diversify into other industries by leveraging on its core competencies. This strategy which is delegated to the Executive Directors to implement is reported back to the Board on a periodical basis. In executing the strategy, the Board will constantly advise management to be mindful of inventory levels and credit risks on receivables. The Board monitors these two important areas regularly at its quarterly meetings. The Audit Committee assists the Board to monitor other areas of internal control over material areas of the Group's operations through the internal audit function. Areas of concern and recommendations put forward by the internal auditors are reported back to the Audit Committee and the Board for appropriate action to be taken.

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

I. Board Responsibilities (Cont'd)

Separation of position of Chairman and Executive Director

The Executive Chairman is responsible for the conduct of Board meetings and ensures that Board discussions are conducted in a manner that all views are taken into account before a decision is made. The Executive Director has the general responsibility for day-to-day running of the Group's business, implementation of Board policies and making of operational decisions duly assisted by the Management team. The positions of the Executive Chairman and the Executive Director are held by different individuals.

Independence of Chairman from Board Committees

The Executive Chairman maintains independence from the Board Committees and is not a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Company Secretary

The Directors have direct access to the advice and the services of the Company Secretaries to enable them to discharge their duties. The Company Secretaries update the Directors periodically when new statutes and requirements are issued by the regulatory authorities to ensure that the Directors are aware of regulatory developments that affect them in carrying out their responsibilities. The Company Secretaries also make announcements to Bursa Malaysia Securities Berhad ("Bursa Malaysia") on behalf of the Company and brief the Board on proposed contents of material announcements prior to their release.

The Company Secretaries convene all Board meetings and at least one of them attends all Board meetings to ensure that Board procedures are followed and accurate records of the proceedings and resolutions passed are maintained. The Company Secretaries also ensure that the statutory registers are properly maintained at the registered office of the Company. The Board believes that the current Company Secretaries who are qualified and experienced are capable of carrying out their duties to assist the Board in ensuring adherence to Board policies and procedures.

Access to information and advice

All Directors have full and timely access to information with Board papers distributed within a reasonable period prior to the meeting. Agenda and discussion papers, including quarterly and annual financial statements, minutes of meetings and Board papers which include reports relevant to the issues of the meetings covering the areas of strategic, financial and operational matters are normally circulated one week prior to Board Meetings to allow the Directors to study and evaluate the matters to be discussed.

If required, the Directors may take independent professional advice in the furtherance of their duties at the Company's expense. Before incurring the professional fee, the concerned Director must seek the approval of the Board. The Directors may access all information within the Group in furtherance of their duties.

Board Charter

The Board has formally adopted a Board Charter which provides guidance to the Board in the fulfillment of its roles, duties and responsibilities which are in line with relevant legislations, regulations and the principles of good corporate governance. The Board Charter outlines the composition and structure of the Board, the appointment of new Directors to the Board, the Board's powers duties and responsibilities including the division of responsibilities between executive and non-executive directors and management, establishment of Board Committees, remuneration of Directors and processes and procedures for convening Board meetings. The Board Charter also underlines the Board's commitment to the compliance with laws, regulations and its internal Code of Ethics. The Board Charter is subject to periodic review and will be updated from time to time to reflect changes to the Company's policies, procedures and processes as well as changes to legislations and regulations. The Board Charter is available on the Company's website at https://www.pentamaster.com.my.

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

I. Board Responsibilities (Cont'd)

Code of Conduct

The Board is committed to uphold compliance with relevant requirements of laws, the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements") in the conduct of the business of the Company. In addition, the Directors observe a Code of Ethics, which was developed by the Board based substantially on the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The Directors' Code of Ethics is available on the Company's website at https://www.pentamaster.com.my.

Similarly, the Group has in place a code of conduct which is applied to the Group's employees. The code of conduct for employees documented policies and guidelines within the Group covering the conduct of employees to comply with laws and regulations when they carry out their duties and responsibilities. The Code of Conduct for employees is available on the Company's website at https://www.pentamaster.com.my.

Anti-Corruption and Bribery Policy and Whistleblowing policy

The Group has adopted an Anti-Corruption and Bribery Policy which sets out parameters to prevent the occurrence of bribery and corrupt practices in the conduct of the Group's business. This policy provides information and guidelines to all Directors and employees of the Group in relation to the standard of behaviour which they must adhere to and how to recognise and deal with bribery and corruption.

The Board recognises the importance of whistle blowing where a programme has been introduced for the employees as well as customers, consultants, vendors, contractors and/or any other parties with a business relationship with the Company to channel concerns about illegal or unethical business conduct affecting the Company.

Any employee or member of the public who have concerns about illegal or unethical business conduct in the work place, the concerns may be reported to the appropriate channel, and the matter and outcome will be highlighted at the Audit Committee meetings.

The Anti-Corruption and Bribery Policy and Whistleblowing Policy of the Group are available on the Company's website at https://www.pentamaster.com.my.

Sustainability Strategy

In setting the Group's overall business strategy, the Board took into consideration and implemented strategies and practices that would promote sustainable growth for the Group. The Group is committed to ensuring the long-term sustainability of the Group's businesses by embedding various sustainability measures in the Group's business operations which are interconnected with ESG. Within this context, an ESG committee has been established with the objective to assist the Board in its oversight responsibilities, in particular, to ensure the strategic plan for the Group supports long-term value creation and sustainability goals as well as to ensure the development and implementation of the strategic plan for the Group is effective and takes into account sustainability considerations.

The Board through the ESG committee views and monitors the Group's ESG policies and practices in ensuring compliance with legal and regulatory requirements. The ESG committee is responsible to:

(i) oversee and execute the Group's sustainability strategy;
(ii) review and ensure proper disclosure and compliance with the relevant ESG Guidelines;
(iii) review the annual ESG risks;
(iv) present and regularly report to the Board on sustainability performance; and
(v) make recommendations to enhance sustainability strategies and practices

The ESG committee ensures that the Board stays abreast and understands the sustainability issues relevant to the Group. The Board regularly engages with the ESG committee which is currently led by the Group's Operations Director and Chief Financial Officer.

The Board also assess the sustainability risks through its Risk Management Committee which explicitly oversees various risks faced by the Group.

For more information about the Group's sustainability matters, please refer to the Sustainability Statement set out in this Annual Report.

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

I. Board Responsibilities (Cont'd)

Directors' Fit and Proper Policy

The Board has on 12 May 2022 adopted the Directors' Fit and Proper Policy to ensure a formal, rigorous and transparent process for appointment and re-election of directors of the Group. The Directors' Fit and Proper Policy is available on the Company's website at https://www.pentamaster.com.my.

II. Board Composition

The Board presently has six (6) members which consists of two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. Under the recommendation of MCCG 2021, at least half of the Board should comprise Independent Directors. The Board will look into bringing its composition to be in line with the recommendation under MCCG 2021.

Given the nature and scope of the Group's operations, the Board considers that the current composition of the Board is of the appropriate size and with the right mix of skills and experience in meeting the Group's current needs and requirements. A profile of each Director is presented on pages 19 to 24 of this Annual Report.

Annual assessment of independent directors

The role of the Independent Directors is to bring independent and objective judgment to the Board which mitigates risks arising from conflict of interest or undue influence from interested parties and protects the interest of minority shareholders. The Board recognises that it is important to periodically assess whether a Director who is designated as independent continues to satisfy such designation. Towards this end, an assessment of independence is carried out on each of the Independent Directors annually by every other member of the Board.

During the financial year, the Board carried out an assessment on each of the Independent Director. Each Independent Director was required to declare his compliance with the criteria of independence as set out in the Board Charter. In addition, all the Board members were required to evaluate whether each of the Independent Director had continued to show independent and objective judgement in deliberations at Board meetings as well as his conduct outside of Board meetings in matters relating to the Group's affairs. Based on the evaluation carried out, the Board of Directors concluded that the Independent Directors satisfied the criteria of independence set by the Board.

Tenure of directors

The MCCG 2021 recommends that the composition of the Board is refreshed periodically. The tenure of each director should be reviewed by the Nominating Committee and the annual re-election of a director should be contingent on satisfactory evaluation of the director's performance of and contribution to the Board.

The Board does not have a policy requiring the composition of the Board to be refreshed periodically. Re-election of directors is done in accordance with the Company's constitution and the Listing Requirements which require the directors to retire from office at least once in every 3 years with such directors being eligible for re-election. The Nominating Committee ensures the leadership of the Group through the Board is equipped with the right skills and experience to steer the Group towards its long-term strategy and goals. The Nominating Committee also ensures that the Board can function optimally for the current needs of the Company and the Group.

The Board is mindful of the recent amendments to the Listing Requirements where a director cannot act as an Independent Director for more than twelve (12) years and that the amendment was implemented on or after 1 June 2023. With the foregoing amendment and the implementation thereof in mind, each of the Independent Directors continues to comply with the current definition of an Independent Director under paragraph 1.01 and Practice Note 13 of the Listing Requirements.

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

II. Board Composition (Cont'd)

Tenure of directors (Cont'd)

It has also stipulated that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. Shareholders' approval through a two-tier voting process at a general meeting must be sought in the event that the Company intends to retain him/her as an Independent Director of the Company.

The Board does not have a policy which limits the tenure of an Independent Director to nine (9) years as it believes that the tenure of service is not a major factor to determine the independence of a Director. However, in accordance with the Listing Requirements, an Independent Director's cumulative service must not exceed twelve (12) years from the date of his or her appointment. After the twelve-year period has elapsed, an Independent Director has the option of resigning from the position as a Director of the Company or remaining on the Board, depending upon their re-designation as a Non-Independent Director.

A summary of tenure of service of Independent Directors who currently sit on the Board are as follows:

Name of Director	Date of Appointment	Tenure of Service as at 31 March 2024
Lee Kean Cheong	19 December 2017	6 years 3 months
Roslinda Binti Ahmad	7 April 2023	11 months

Criteria used in recruitment and annual assessment

The Nominating Committee's responsibilities include the development and review of the criteria to be used in the recruitment of Board members and the annual assessment of Directors.

The Board uses a variety of sources for the identification of suitable candidates. The Nominating Committee reviews the composition, skill sets, gender and Board requirements every year as part of the Board assessment. The Board may rely on recommendations from existing board members and other sources to meet the skill sets and requirements of the Board. The Board is open to utilising independent sources as well. The Board will use a myriad of resources to source for candidates based on recommendations and independent sources. The Nominating Committee has developed the following procedure for considering potential Board candidates:

(a) the skills and experience appropriate for a candidate will be determined, having regard to those of the existing directors and any other likely changes to the Board;

(b) upon identifying a potential candidate, the following will be considered:
- qualifications and competencies of the candidate;
- character and integrity of the candidate;
- other directorships and time availability of the candidate;
- independence of the candidate, if an Independent Director is being considered;
- the effect that the appointment would have on the overall balance and diversity (including gender diversity) of the composition of the Board will be considered; and

(c) the proposed appointee must be approved by all existing Board members.

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

II. Board Composition (Cont'd)

Criteria used in recruitment and annual assessment (Cont'd)

An annual assessment of the Board is undertaken following the completion of the financial year. The evaluation is carried out by way of questionnaires sent to each Director. The questionnaires cover the composition, role, procedures and practices of the Board as a whole and the assessment of each Director's performance by each of his peers. The individual responses to the questionnaires are confidential to each Director, with questionnaire responses sent to the Company Secretary for summarisation for consideration by the Nominating Committee and subsequent report back to the Board.

The Nominating Committee has also conducted an annual review on the performance of the Audit Committee and its members. Each member assessed the performance of his peers and the Audit Committee as a whole to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference of the Audit Committee.

An evaluation of the Board and the Audit Committee took place following the end of the financial year in accordance with the processes described above.

Time commitment of directors

The Board meets at least four (4) times a year to review and approve the quarterly and year-end financial results. Additional meetings are convened as necessary, when there are urgent and important matters that require the Board's deliberation. Board members may also be nominated to serve on Board Committees which hold their own meetings. Directors and Board Committee members are normally furnished with papers, reports and material relevant to the issues to be discussed one week prior to the meetings and are expected to review such material beforehand so that meaningful discussion can take place during meetings. This expectation of time commitment is communicated to new Board members before they are appointed. Directors should also notify the Chairman before accepting any new directorship in other listed companies to assess whether they will be able to devote sufficient time to the Company.

During the financial year ended 31 December 2023, there were four (4) Board meetings held. The commitment of the Directors in carrying out their duties is reflected in full attendance of the Directors at Board meetings held during the financial year as shown below:

Name of Director	Designation	Attendance
Chuah Choon Bin	Executive Chairman	4/4
Gan Pei Joo	Executive Director	4/4
Leng Kean Yong	Non-Independent Non-Executive Director	4/4
Dato' Loh Nam Hooi	Non-Independent Non-Executive Director	4/4
Lee Kean Cheong	Independent Non-Executive Director	4/4
Roslinda Binti Ahmad *(Appointed w.e.f. 7 April 2023)*	Independent Non-Executive Director	3/4

Continuing education programmes

All Directors have completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia. The Directors recognise the need to continue to undergo relevant training programmes to update their knowledge and enhance their skills where relevant to enable them to sustain their active participation as a Board member.

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

II. Board Composition (Cont'd)

Continuing education programmes (Cont'd)

During the financial year ended 31 December 2023, the current Directors of the Company had attended training programme, seminars or conferences organised externally. The programmes attended by the current Directors during the year, include the following:

Name of Director	Name of Course	Mode of training	Number of day (s) spent
Chuah Choon Bin	Grant Thornton: Budget 2024	Webinar	1.0
	Workshop: Unlocking organisational excellence with OKR	In person	1.0
Gan Pei Joo	Grant Thornton: Budget 2024	In person	1.0
	15th Annual Malaysia Corporate Day	In person	1.0
	Deloitte TaxMax – Building a sustainable and resilient future	In person	1.0
	Tax Budget 2023 Seminar by SH Tax Services	In person	1.0
	Tricor HK: Make your ESG report more relevant	Webinar	0.5
	Grant Thornton: Developments and Impacts of ESG on Corporate Malaysia	In person	0.5
	CPA Australia / PwC : Budget 2024 Highlights	Webinar	0.5
	ESG Litigation Trends: expanding duty of directors	Webinar	0.5
	Workshop: Unlocking organisational excellence with OKR	In person	1.0
	Deloitte TaxMax – Sustaining growth for a better tomorrow	In person	0.5
Leng Kean Yong	Grant Thornton: Budget 2024	Webinar	1.0
	15th Annual Malaysia Corporate Day	In person	1.0
	Credit Suisse ASEAN Financial Forum 2023	In person	1.0
	CITIC CLSA ASEAN Forum 2023	In person	2.0
	CGS-CIMB Securities: Technology & Electric Vehicle Virtual Conference 2023	Webinar	0.5
	Grant Thornton: Developments and Impacts of ESG on Corporate Malaysia	In person	0.5
	Credit Suisse: 23rd Credit Suisse Asian Investment Conference	In person	3.0
	Nomura Investment Forum	In person	1.0
	JP Morgan: Global TMT Conference in Asia	In person	2.0
	Citi 4th Annual Pan Asia Regional Conference	In person	1.0
	UOB Kay Hian Malaysia Tech Corporate Day	In person	1.0
Dato' Loh Nam Hooi	Grant Thornton: Budget 2024	Webinar	1.0

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

II. Board Composition (Cont'd)

Continuing education programmes (Cont'd)

Name of Director	Name of Course	Mode of training	Number of day (s) spent
Lee Kean Cheong	Grant Thornton: Budget 2024	Webinar	1.0
	Mazars Deal Flow Summit – Insights and Discussion with Corporate Finance Exeprts	In person	0.5
	YYC Business School – Tougher year in 2024, How to overcome and propel?	Webinar	0.5
	UHY: budget 2024 Madani – Economic Reforms, Empowering People	Webinar	0.5
	SQL account Stream Software: e-Invoice implication for all companies in 18 months	Webinar	0.5
	Joodoo: Transforming Through Agile Digitalisation – The Joodoo Way	In person	1.0
	Bursa Malaysia: Economic Outlook 2024	Webinar	0.5
Roslinda Binti Ahmad	Bursa Malaysia Accreditation Programme (MAP)	Webinar	0.5
	Data is the New Currency	Webinar	0.5
	AI Empowering Digital Finance	In person	0.5
	Innovative Finance Summit 2023	In person	0.5
	Key Component to creating a mature Data Ecosystem	Webinar	0.5

Gender Diversity Policy

The Board acknowledges the recommendations of the MCCG 2021 on the establishment of a gender diversity policy and the composition of the Board which comprises at least 30% women directors. The Board via the Nominating Committee will consider female representation when suitable candidates are identified underpinned by the overriding primary aim of selecting the best candidate to support the Group's objectives. On the other hand, the Board places importance on the composition of Board members based on meritocracy and in line with the Group's vision and mission.

The Board has fulfilled the recommendation of the MCCG 2021 of having at least 30% women directors on board with the appointment of Pn. Roslinda Binti Ahmad on 7th April 2023. During the financial year ended 31 December 2023, the Board has two (2) female directors which represents 33% of the composition of the Board.

Nominating Committee

The Nominating Committee comprises wholly Non-Executive Directors. The key duties and responsibilities of the Nominating Committee include the following:

a) to bring to the Board recommendations as to the appointment of any new executive or non-executive director and the Directors to fill the seats on Board Committees;

b) to assess the effectiveness of the Board of Directors as a whole, the Board Committees and contribution of each individual Director on an annual basis. In developing such recommendations, the Nominating Committee will consult all Directors and reflects that consultation in any recommendation of the Nominating Committee brought forward to the Board;

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

II. Board Composition (Cont'd)

Nominating Committee (Cont'd)

c) to review the required mix of skills, experience, gender diversity and other qualities, including core competencies, of the members of the Board;

d) to review and assess the independence of Independent Directors on the Board; and

e) to review the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

The terms of reference of the Nominating Committee is available on the Company's website at https://www.pentamaster.com.my.

Currently, the members of the Nominating Committee are Pn. Roslinda Binti Ahmad (Chairman), Dato' Loh Nam Hooi and Mr. Lee Kean Cheong.

Dato' Loh Nam Hooi has been designated as the Senior Non-Independent Non-Executive Director to whom concerns may be conveyed. Any matters of concern may be raised to the Senior Independent Non-Executive Director through regular mail to the Company's registered address.

The Nominating Committee has met once during the financial year, in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company.

III. Remuneration

Remuneration policies and procedures

The Remuneration Committee which consists wholly of Non-Executive Directors recommends the remuneration for the Executive Directors. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. Individual Director abstains from deliberations and voting on the decision in respect of their own remuneration.

The Board recognises that the remuneration package should be sufficient to attract, retain and motivate Directors of calibre needed to run the Group successfully. The remuneration of Directors is generally based on market conditions, responsibilities held and the Group's overall financial performance. Decisions and recommendations of the Committee are reported back to the Board for approval and where required by the rules and regulations governing the Company, for approval of shareholders at the Annual General Meeting.

The terms of reference of the Remuneration Committee is available on the Company's website at https://www.pentamaster.com.my.

Currently, the Remuneration Committee members are Mr. Leng Kean Yong (Chairman), Pn. Roslinda Binti Ahmad and Mr. Lee Kean Cheong.

The Remuneration Committee has met once during the financial year.

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

III. Remuneration (Cont'd)

Directors' Remuneration

The details of the Directors' remuneration for the financial year ended 31 December 2023 are disclosed in the Corporate Governance Report which is available on the Company's website at https://www.pentamaster.com.my.

The analysis of the top five (5) senior management by remuneration band is as follows:

Remuneration Band (in RM)	Number of senior management
600,000 to 650,000	1
750,000 to 800,000	2
850,000 to 900,000	1
901,000 to 950,000	1
Total	**5**

The Board has decided to disclose the remuneration of the top five (5) senior management in bands instead of named basis as the Board considered the information of the remuneration of these individuals to be sensitive. The disclosure of the remuneration of the top five (5) senior management exclude remuneration paid to Directors.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Audit Committee Composition

The Audit Committee of the Company comprises two (2) Independent Non-Executive Directors and a Non-Independent Non-Executive Director with appropriate professional qualifications including accounting and related financial management expertise. The Audit Committee is chaired by an Independent Non-Executive Director, Mr. Lee Kean Cheong, who is a member of the Malaysian Institute of Accountants. Other members of the Audit Committee are Dato' Loh Nam Hooi and Pn. Roslinda Binti Ahmad. The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The Audit Committee's duties and powers include, among others:

- to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any issues related to its resignation or dismissal;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

- to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally;

- to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- to review the Company's financial information;

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

I. Audit Committee (Cont'd)

Audit Committee Composition (Cont'd)

- to monitor the integrity of the Company's financial statements and annual report and accounts, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the committee should focus particularly on:

  (a) any changes in accounting policies and practices;

  (b) major judgemental areas;

  (c) significant adjustments resulting from audit;

  (d) the going concern assumptions and any qualifications;

  (e) compliance with accounting standards; and

  (f) compliance with the Listing Requirements and legal requirements in relation to financial reporting.

The Audit Committee requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee and such practice was formalised and incorporated in the Terms of Reference of the Audit Committee.

Compliance with applicable financial reporting standards

The Directors aim to present a fair assessment of the Group's financial performance, position and prospects primarily through the quarterly reports to Bursa Malaysia as well as the Annual Report to shareholders.

The Board aims to ensure that it fulfills its responsibility in the area of financial reporting by appointing a suitably qualified finance manager to oversee the financial reporting function. The Board is also assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting. Towards this end, the Audit Committee meets to discuss and review the quarterly results and the year-end financial statements together with the finance manager and the external auditors where applicable before the financial reports are recommended to the Board for approval and public release.

Suitability, objectivity and independence of external auditors

The external auditors fulfill an essential role in giving assurance to the shareholders and other parties of the reliability of the financial statements of the Company. The Company has always maintained a formal and transparent relationship with the external auditors in ensuring the Company's compliance with applicable approved accounting standards and statutory requirements.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee's terms of reference which is available at the Company's website at https://www.pentamaster.com.my.

The Audit Committee is responsible for recommending the appointment or re-appointment of external auditors. In assessing the suitability of external auditors, the Audit Committee will ensure that only firms which have experience in the audit of listed companies and are registered with the Audit Oversight Board will be considered.

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

I. Audit Committee (Cont'd)

Suitability, objectivity and independence of external auditors (Cont'd)

The Audit Committee recognises that the regular provision of non-audit services by the external auditors may lead to impairment of the external auditors' independence and objectivity. The external auditors are therefore not normally engaged for non-audit related services. However, the external auditors may be engaged for services related to corporate exercises carried out by the Group from time to time, which are not regular in nature, for which the engagement of the external auditors may be deemed to be more effective for the Group. The external auditors have affirmed that members of their engagement team and the firm have complied with the relevant ethical requirements regarding independence in the conduct of their audit engagement.

The Audit Committee had assessed the performance and independence of the external auditors for the financial year under review. The Board of Directors approved the Audit Committee's recommendation to seek shareholders' approval for the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company.

II. Risk Management and Internal Control Framework

Framework to manage risks

The Board is responsible for establishing a sound framework to manage risks and maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets as required by the MCCG 2021. The Directors also have a general responsibility for taking reasonable steps to prevent and detect fraud and other irregularities. The Statement on Risk Management and Internal Control set out in this Annual Report, provides an overview of risk management and the state of internal control within the Group.

Internal audit function

The Board has outsourced its internal audit activities to a professional service firm ("Internal Auditors") to support the internal audit function. The Internal Auditors report directly to the Audit Committee. The outsourcing of the internal audit function coupled with the fact that the Internal Auditors report directly to the Audit Committee helps to ensure that internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits. The personnel who carry out internal audit work are free from any relationships or conflict of interest which could impair their objectivity and independence.

The current Internal Auditors is a firm with experience in internal audit and headed by a Chartered Accountant. In appointing the Internal Auditors, the Board and the Audit Committee have taken into consideration that the firm is adequately staffed with a team of qualified, competent and experienced personnel to carry out the internal audit assignments.

The scope of work in internal audit is carried out in accordance with an internal audit plan approved by the Audit Committee. The audit plan focused on high risk areas identified through the Group's risk evaluation process.

The Audit Committee Report set out in this Annual Report provides a summary of the internal audit function and the internal audit activities carried out during the financial year.

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

I. Communication with Stakeholders

Corporate disclosure policie s and procedures

The Board abides with the corporate disclosure policies as set out in the Listing Requirements. It is the policy of the Company that immediate disclosure is made of material information. Information is considered material if it is reasonable to expect that it will have a material effect on the price, value or market activity of the Company's securities or it will affect the decision of an investor or holder of the Company's securities in determining his choice of action. The Board members will be kept informed of material matters which require disclosure and appropriate announcement will be drafted by management. Announcements of material matters will be circulated to the Board for buy-off before public release.

However, in exceptional circumstances, the Company may temporarily withhold the disclosure of material information to a more appropriate time such as instances where immediate disclosure would affect the ability of the Company to pursue its corporate objectives, when the facts of the matter at hand is in a state of flux or where company or securities laws may restrict the extent of permissible disclosure. Material information which is withheld will be restricted to persons on a strict need-to-know basis and all persons with such information will be informed of the requirement to maintain strict confidentiality. In the event that material information that has been withheld or is believed to have been inadvertently disclosed or where the information has become generally available to the public, the Company will immediately announce the information. The Company will also monitor the market activity of its securities during a period where information is withheld. Should there be unusual price movement, trading activity, or both ("unusual market activity") in its securities which is believed to signify a "leak" of the information or when rumours or reports concerning the information have appeared or where the Company learns that there are signs that insider trading may be taking place, the Company will take steps to announce the information that has been withheld immediately.

The Company strives to ensure that information that is released is in a manner that would obtain wide public dissemination. Disclosure of material information by the Company is first made by an announcement to Bursa Malaysia via the BURSA LINK. All announcements are also made available on the Company's website. Press conferences may be held if the Board is of the opinion that it would draw better attention to the information that is to be disseminated. However, the Company will ensure that any such information will be first released or simultaneously released to Bursa Malaysia. The Company will ensure that material information will not be made on an individual or selective basis to any individual or group if it has not been disclosed and disseminated to the public.

While the Company endeavours to provide information to its shareholders and stakeholders, it is also mindful of the requirement to refrain from misleading promotional disclosure activity. The Board will not approve any announcement that may mislead investors and cause unwarranted price movement and activity in the Company's securities.

If the Company becomes aware of any rumour or report, whether true or false, that contains material information on the Company or the Group, the Company will make due enquiry among the Board members and senior management and publicly clarify, confirm or deny the rumour or report as soon as possible.

Where unusual market activity of the Company's securities occurs, the Company will undertake a due enquiry among the Board members and senior management to seek the cause of the unusual market activity and take appropriate action. If the Company determines that the unusual market activity results from material information that has already been publicly disclosed, it will take no further action.

All Board members and parties who are insiders are aware of the provisions of the Capital Markets and Services Act 2007 and the Companies Act 2016 with regards to prohibition of trading in the securities of the Company on the basis of material information which is not known to the public. In addition, affected persons are notified of the restrictions in dealing in the Company's securities while in possession of price-sensitive information and during closed periods unless the procedures for dealings during closed periods as set out in the Listing Requirements have been complied with.

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

I. Communication with Stakeholders (Cont'd)

Use of information technology to disseminate information

Shareholders and investors are kept informed of all major development within the Group by way of announcements via the BURSA LINK. Announcements are also made of the Company's quarterly results, Annual Reports and other circulars to shareholders, where appropriate, and all these announcements are available to shareholders electronically at Bursa Malaysia's website. Shareholders can also access the Company's website, https://www.pentamaster.com.my for up to date information about the Company and its business as well as announcements made to Bursa Malaysia.

II. Conduct of General Meetings

Shareholder participation at general meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Notice of AGM and Annual Reports are sent to shareholders at least 28 days before the meeting.

During the AGM, shareholders are given opportunities to enquire and comment on matters relating to the Group's business. The shareholders are encouraged to participate in the open question and answer session in the AGM pertaining to the resolutions being proposed at the meeting and the financial performance and business operation in general. The Directors are available to provide responses to questions from the shareholders during the meeting.

In addition, Extraordinary General Meetings ("EGMs") are held as and when needed to obtain shareholders' approval on certain business or corporate proposals. Adequate notice of EGM, in compliance with regulatory requirements, are sent to shareholders together with comprehensive Circulars/Statements setting out details and explaining the rationale with regards to the matters for which shareholders' approval are being sought.

Poll voting

The Constitution of the Company provides that a resolution put to the vote of a meeting may be decided on a show of hands or poll. In line with the Listing Requirements, the Company conducts poll voting for all the resolutions put to vote at general meetings. In addition, the Company will appoint a scrutineer to validate the votes cast at the general meeting.

Communication and proactive engagement with shareholders

The Board and senior management recognise their responsibilities to represent the interests of all shareholders and to maximise shareholder value. Communication with shareholders and accountability to shareholders is a high priority of the Company.

Communication with shareholders is summarised below:

- the Board will maintain an on-going dialogue with the shareholders and particularly for communicating with them and encouraging their participation through AGM or other general meetings;

- information will be communicated to the shareholders through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures submitted to Bursa Malaysia via the BURSA LINK;

- effective and timely dissemination of information to the shareholders will be ensured at all times;

- the Company will assign dedicated employee(s) to be in charge of ensuring effective and timely dissemination of information to shareholders;

- the Company will provide shareholders with ready access to understandable information about the Company;

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

II. Conduct of General Meetings (Cont'd)

Communication and proactive engagement with shareholders (cont'd)

- the Company will take steps to solicit and understand the views of shareholders and other stakeholders;

- the Company will facilitate shareholders' participation in annual general meetings and make available the chairman of the board committees and advisory panel(s) (if any), appropriate management executives, auditors at AGM to answer questions from shareholders; and

- shareholders may, at any time, direct questions, communicate their views on various matters affecting the Company or the Group, request for publicly available information and provide comments and suggestions to directors or management of the Company through the prescribed channel stated in the below paragraphs.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Corporate communication will be provided to the shareholders in plain language to facilitate shareholders' understanding. Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communication.

A dedicated investor relation section is available on the Company's website at https://www.pentamaster.com.my and a dedicated email, ie. investor.relation@pentamaster.com.my has been assigned for shareholders to communicate with the Company. Information on the website is updated regularly.

The Company has been striving to maintain high transparency and communicate with the shareholders and the investors of the Company through diversified communication channels. The Company holds press conferences and analyst briefing sessions from time to time to provide the latest business information about the Group to the investors.

Having considered the multiple channels of communication during the year, the Board considers its effort in communicating with shareholders in 2023 to be effective. The Board does not receive any complaints regarding shareholders' communication in 2023.

Procedures for putting enquiries to the Board of Directors

Shareholders may at any time send their enquiries and concerns in writing to the Board of Directors, which contact details are as follows:

Pentamaster Corporation Berhad
Plot 18 & 19, Technoplex
Medan Bayan Lepas
Taman Perindustrian Bayan Lepas
Phase IV, 11900 Penang
Malaysia

Telephone: (+604) 646 9212
Fax: (+604) 646 7212
Email: investor.relation@pentamaster.com.my

Compliance Statement

Save as disclosed, throughout the financial year ended 31 December 2023, the Group has complied with all the principles and recommendations of the MCCG 2021.

This statement was made in accordance with a Board of Directors' resolution dated 26 April 2024.

Statement On Risk Management and Internal Control

Pursuant to Paragraph 15.26(b) of the Listing Requirements, the Board is pleased to provide the following statement on the state of risk management and internal control of the Group, which had been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

Board's Responsibility

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

The system of risk management and internal control covers finance, operations, management information systems and compliance with relevant laws, regulations, policies and procedures. There is an ongoing process to identify, evaluate and manage significant risk faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board.

Due to the limitations that are inherent in any system of internal controls, these systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control risks, are operated with the assistance of management throughout the period. The Board has received assurance from the Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The key features of the risk management and internal control systems are described under the following headings:

Risk Management and Internal Control Structure

The Group has an ongoing process for the identification, evaluation, reporting, managing, monitoring and reviewing of the major strategic, business and operation risks within the Group. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis. The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

The Board has established a Risk Management Committee ("RMC") which comprises the CFO and senior management to assist in the risk management process within the Group.

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The control structure and environment are supported by the following activities:

(a) An organisation structure with clearly defined lines of responsibility, authority and accountability;

(b) Documented internal policies, guidelines, procedures and manuals, which are updated from time to time;

(c) Regular Board and management meetings where information is provided to the Board and management covering financial performance and operation;

(d) Quarterly review of financial results by the Board and Audit Committee;

Risk Management and Internal Control Structure (Cont'd)

(e) Regular training and development programmes attended by employees with the objective of enhancing their knowledge and competency;

(f) Existence of risk management team to enhance its risk management practice; and

(g) Ongoing reviews on the system of internal controls by an independent internal audit function. Results of such reviews are reported to the Audit Committee, which in turn reports to the Board.

In addition, the CFO and senior management has day to day involvement with the business and is responsible for monitoring risks affecting the business and control activities. These are supplemented by comprehensive and independent reviews undertaken by the internal audit function on the controls in operation in each individual business. The internal auditors independently report to the Audit Committee on the outcome and findings from their reviews.

Risk Management Process

The Board regards risk management as an integral part of business operations. For the year under review, the RMC is assisted by the senior management team from various divisions to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The RMC has identified and reviewed the major business risk factors affecting the Group and derived risk management strategies to manage and mitigate the risks identified. The following factors were considered in the risk assessment:

(a) The nature and extent of risks facing the Group;

(b) The extent and categories of risk which it regards as acceptable for the Group to bear;

(c) The likelihood of major risks materialising; and

(d) The Group's ability to reduce the incidence of major risks that may materialise and mitigate their impact on the business.

Control Environment

The Group has in place a proper control environment which emphasises on quality and performance of the Group's employees through the development and implementation of human resource policies and programmes designed to enhance the effectiveness and efficiency of the individual and the organisation.

The Board believes that a sound internal control system reduces, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Internal Audit Function

The Board has outsourced its internal audit activities to a professional service firm to support the internal audit function. The Internal Auditors report directly to the Audit Committee. The outsourcing of the internal audit function coupled with the fact that the Internal Auditors report directly to the Audit Committee helps to ensure that internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits. The personnel who carry out internal audit work are free from any relationships or conflict of interest which could impair their objectivity and independence. The scope of work in internal audit is carried out in accordance with an internal audit plan approved by the Audit Committee. The audit plan focused on high-risk areas identified through the Group's risk evaluation process.

The Board is of the opinion that the Group's system of internal controls is adequate based on the report and findings in the internal auditors' report for the financial year ended 31 December 2023. Nevertheless, the internal control systems will continue to be reviewed, enhanced or updated in line with changes in the operating environment.

Statement On Risk Management and Internal Control

Review of the Statement of Risk Management and Internal Control by External Auditors

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this statement of risk management and internal control for inclusion in the Annual Report for the financial year ended 31 December 2023 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Conclusion

The Board is of the opinion that the system of internal control and risk management is in place for the year under review, and up to the date of this statement is effective and adequate to safeguard the shareholders' investment and the Group's assets.

This statement was made in accordance with a Board of Directors' resolution dated 26 April 2024.

Audit Committee Report

1. MEMBERSHIP AND MEETINGS

Details of the membership of the Audit Committee and attendance of meetings during the financial year are as follows:

	Name and designation	Attendance
Chairman:	Lee Kean Cheong (Independent Non-Executive Director)	4/4
Members:	Dato' Loh Nam Hooi (Non-Independent Non-Executive Director)	4/4
	Leng Kean Yong (Non-Independent Non-Executive Director) *(Ceased as the member w.e.f. 7 April 2023)*	1/1
	Roslinda Binti Ahmad (Independent Non-Executive Director) *(Appointed as member w.e.f. 7 April 2023)*	3/3

2. TERMS OF REFERENCE

The terms of reference of the Audit Committee is available on the Company's website at https://www.pentamaster.com.my.

The Board is satisfied that the Audit Committee and its members have discharged their responsibilities during the financial year in accordance with the terms of reference of the Audit Committee.

3. SUMMARY OF WORK DURING THE FINANCIAL YEAR

The Audit Committee met four (4) times during the financial year ended 31 December 2023 and had carried out the following activities to meet their responsibilities as set out in the terms of reference of the Audit Committee:

Financial reporting

a) Reviewed the financial performance and financial highlights of the Group at quarterly meetings.

b) Reviewed the unaudited quarterly financial results of the Group before recommending the same to the Board of Directors for approval and subsequent release to Bursa Malaysia Securities Berhad.

c) Reviewed the audited financial statements of the Group and Company for the financial year ended 31 December 2022 before recommending the same to the Board of Directors for approval.

External Audit

a) Reviewed the status of the audit for the financial year ended 31 December 2022 with the external auditors. The external auditors briefed the Audit Committee on the progress of the annual audit and issues discussed with management. The Audit Committee was informed that there were no significant changes to the scope or audit approach as compared to the audit plan. The external auditors briefed the Audit Committee on key audit matters that were of significance in the audit of the financial statements of the Group and of the Company and how those matters were addressed in the context of the audit.

b) Reviewed the independence of the external auditors. The external auditors confirmed that they were independent of the Group and of the Company and that members of their engagement team and the firm have complied with the relevant ethical requirements regarding independence, including the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, in the conduct of their audit engagement.

c) Reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the external auditors, the Audit Committee was satisfied that management had co-operated fully and the external auditors were able to obtain information requested to carry out their work. The external auditors also reported that based on the audit work performed the auditors have not identified any major matters to highlight to the Audit Committee.

3. SUMMARY OF WORK DURING THE FINANCIAL YEAR (CONT'D)

External Audit (Cont'd)

d) Reviewed the audit fees and the performance of the external auditors and was satisfied with the conduct of their professional work and the timeliness of completion of their work to meet the reporting deadline. Accordingly, the Audit Committee recommended the re-appointment of the external auditors at the annual general meeting.

e) Reviewed and approved the external auditors' audit plan for the Group and the Company for the year ending 31 December 2023 which covered the key areas of audit focus and the audit approach for each area identified. The Audit Committee was briefed on amendments to accounting standards issued by the Malaysian Accounting Standards Board. The Audit Committee also reviewed and agreed to the proposed reporting timeline of the audit for the financial year ending 31 December 2023 to meet the reporting deadlines.

Internal audit and risk management

a) Met with the internal auditors twice during the year to receive internal audit reports on internal audit activities that had been conducted in accordance with an audit plan approved by the Audit Committee. Relevant members of management including the Executive Directors were invited to attend the Audit Committee meetings to provide insight and clarification on specific matters raised in the internal audit reports and their views on internal audit recommendations.

b) Reviewed the status updates provided by the internal auditors in respect of implementation of management action plans or agreed course of action on the findings reported in previous audit cycles to ensure that issues that have been highlighted were resolved satisfactorily.

c) Received briefing by management on the activities carried out by the Risk Management Team in assessing and managing risks in the Group.

Other matters

a) Reviewed the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2022 and recommended it to the Board of Directors for approval.

b) Reviewed and approved the Audit Committee Report for the financial year ended 31 December 2022 for inclusion in the Company's Annual Report 2022.

4. INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit activities to a professional service firm to support the internal audit function. The internal auditors report directly to the Audit Committee. The outsourcing of the internal audit function coupled with the fact that the internal auditors report directly to the Audit Committee helps to ensure that internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits. The personnel who carry out internal audit work are free from any relationships or conflict of interest which could impair their objectivity and independence. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2023 was RM60,000.

5. SUMMARY OF WORK OF THE INTERNAL AUDITORS

During the financial year ended 31 December 2023, internal audit reviews have been carried out according to the internal audit plan, which has been approved by the Audit Committee. The internal audit reviews covered human resource management, IT general control and IT asset management, objective key results (OKR) and corrective action plan for purchasing management, logistics management and facilities management of major subsidiaries in the Group. The findings and recommendations were highlighted to management for their comments and further action. Internal audit reports were presented to the Audit Committee and also reported to the Board.

Directors' Responsibility Statement

In Respect of The Annual Audited Financial Statements

Pursuant to the Companies Act 2016, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as 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 then ended.

The Directors consider that, in preparing the financial statements, the Group has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable approved accounting standards.

Other Information

MATERIAL CONTRACTS

The Company and its subsidiaries do not have any material contracts involving the interest of its Directors and major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

MATERIAL CONTRACTS RELATING TO LOANS

The Company and its subsidiaries do not have any material contracts relating to loan involving the interest of its Directors and major shareholders.

SHARE AWARD SCHEME 2020

On 1 April 2020, Pentamaster International, 63.9%-owned subsidiary of the Company adopted a share award scheme (the "Share Award Scheme 2020") in which employees of Pentamaster International and its subsidiaries ("PIL Group") will be entitled to participate. The purpose of the Share Award Scheme 2020 is to recognise the contributions by certain employees and to incentivise them to achieve PIL Group's long-term business goals and objectives. The Share Award Scheme 2020 also serves as part of PIL Group's employee retention program in retaining its existing employees and to attract suitable personnel for further development of PIL Group.

During the financial year ended 31 December 2023, a sum of approximately HKD20.9 million (equivalent to approximately RM12.3 million) (2022: HKD25.6 million (equivalent to approximately RM13.9 million)) has been used to acquire 20,514,000 (2022: 24,618,000) shares of Pentamaster International (the "PIL Shares") from the open market by the trustee of the scheme.

A total of 16,127,000 (2022: 18,000,000) of PIL Shares has been granted to selected employees on 1 July 2023 (2022: 1 July 2022), which will be vested in tranches of one-third each on every anniversary date of the grant date starting from the 1st anniversary date until the 3rd anniversary date. The fair value of the granted shares is calculated based on the closing market price of the shares of HKD0.98 (2022: HKD0.92) on the day of the grant, and amounted to HKD15.8 million (equivalent to approximately RM9.4 million) (2022: HKD16.6 million (equivalent to approximately RM9.3 million)) in total. Together with the granted shares in prior years, the Group recognised a Share Award Scheme expense of HKD15.4 million (equivalent to approximately RM8.9 million) (2022: HKD13.4 million (equivalent to approximately RM7.6 million)) during the financial year ended 31 December 2023.

During the financial year ended 31 December 2023, a total of 15,511,179 (2022: 11,441,153) awarded shares were vested. The cost and the fair value of the related vested shares were HKD15.8 million (2022: HKD13.0 million) (equivalent to approximately RM8.9 million (2022: RM6.7 million)) and HKD15.5 million (2022: HKD11.4 million) (equivalent to approximately RM8.6 million (2022: RM6.1 million)) respectively. The difference of RM257,000 (2022: RM522,000) was charged to retained profits. As at 31 December 2023, the carrying amount of Shares held for Share Award Scheme was HKD25.9 million (2022: HKD20.2 million) (equivalent to approximately RM14.9 million (2022: RM11.5 million)).

The Share Award Scheme 2020 shall be subject to the administration of the Board of Directors of Pentamaster International and the trustee in accordance with the scheme rules and the trust deed of the Share Award Scheme 2020. Subject to any early termination as may be determined by the Board of Directors of Pentamaster International, the Share Award Scheme 2020 shall be valid and effective for a term of 10 years commencing on its adoption date (i.e. 1 April 2020).

The maximum number of shares to be subscribed for and/or purchased by the trustee by applying the trust fund of the Share Award Scheme 2020 for the purpose of the Share Award Scheme 2020 shall not exceed 5% of the total number of issued shares of Pentamaster International from time to time. The maximum number of shares which may be awarded to a selected employee under the Share Award Scheme 2020 shall not exceed 1% of the total number of issued shares from time to time.

Save as disclosed above, the Company and its subsidiaries do not have any outstanding options or shares granted.

Other Information

UTILISATION OF PROCEEDS

1) Share Award Scheme

Subsequent to obtaining approval from the Company's shareholders on 16 November 2017 and in relation to the listing of Pentamaster International on The Stock Exchange of Hong Kong Limited ("PIL Listing"), the Company adopted a share award scheme on 8 December 2017 to recognise contributions made by certain Directors and employees of PIL Group ("Share Award Scheme 2017"), and to provide the eligible employees with incentives in order to retain them for the continual operation, growth and further development of the PIL Group. The utilisation of proceeds of RM29.5 million raised from the Share Award Scheme 2017 up to 31 December 2023 is as follows:

Purpose	Proposed Utilisation (RM'000)	Gross Proceeds Received (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe	Balance (RM'000)
Payment of staff salaries and benefits	4,500	4,500	4,500	Within one (1) year	-
Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work	20,000	20,000	2,048	Within eight (8) years(3)	17,952
General administrative and operating expenses	5,000	5,000	5,000	Within one (1) year	-
Total	**29,500**	**29,500**	**11,548**		**17,952**

2) PIL Listing

The utilisation of proceeds of RM87.1 million from the offer for sale by the Company in conjunction with the PIL Listing, up to 31 December 2023 is as follows:

Purpose	Proposed Utilisation		Gross Proceeds Received(2) (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
	Minimum Scenario(1) (RM'000)	Maximum Scenario(1) (RM'000)				
Business expansion through investment and acquisition	33,972	37,775	32,741	5,000	Within eight (8) years(3)	27,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	28,648	Within eight (8) years(3)	-
Working capital	21,172	23,549	20,405	20,405	Within five (5) years	-
Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively	5,508	5,508	5,306	5,306	Within six (6) months	-
Total	**90,378**	**99,891**	**87,100**	**59,359**		**27,741**

Notes:
1. *(1) The minimum and maximum scenario under the proposed utilisation was based on the indicative offer price in relation to the PIL listing of HKD0.95 and HKD1.05 respectively.*
2. *(2) The actual gross proceeds received was based on the actual offer price of HKD1.00 in relation to PIL listing. The difference between the gross proceeds received and the proposed utilisation was due to the difference in the conversion rate.*
3. *(3) The original intended timeframe for utilisation of two (2) years was extended to five (5) years on 17 January 2020 and further extended to eight (8) years on 18 January 2023.*

Other Information

AUDIT FEES AND NON-AUDIT FEES

The audit fees and non-audit fees payable to the external auditors during the financial year ended 31 December 2023 are as follows:

	Group (RM)	Company (RM)
Audit fees	887,702	73,000
Non-audit fees*	58,000	15,000
Total	**945,702**	**88,000**

* Non- audit fees paid or payable to the auditors or a firm or corporation affiliated to the auditors' firm in relation to:

(i) review of Statement of Risk Management and Internal Control; and

(ii) verification of annual confirmation forms to Malaysian Investment Development Authority.

RECURRENT RELATED PARTY TRANSACTIONS

The Company had at its AGM held on 31 May 2023 obtained a mandate from its shareholders for the Group to enter into current related party transactions ("RRPTs") of a revenue or trading nature.

Pursuant to Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, details of the RRPT of a revenue and trading nature entered into during the financial year are as follows:

Nature of RRPTs	Transacting parties		Related Parties	Interested Directors/Major Shareholders and persons connected	Actual Value as at 31 December 2023 (RM)
	Provider	Recipient			
Licensing of software and provision of integration services	Pentamaster Smart Solution	Pingspace Sdn.Bhd.	Chuah Di Ken[1]	Chuah Choon Bin and Neoh Boon Loon [2]	-
Provision of hardware and system in integration solution	Pentamaster Equipment	Pingspace Sdn.Bhd.	Chuah Di Ken[1]	Chuah Choon Bin and Neoh Boon Loon [2]	38,000

Notes

(1) Chuah Di Ken is the son of Chuah Choon Bin and Neoh Boon Loon. Chuah Di Ken is a Director of Pingspace Sdn.Bhd. ("PSB") and he has 93.20% direct interest in PSB. He has no interest in the shareholding of the Company, Pentamaster Smart Solution and Pentamaster Equipment.

(2) Chuah Choon Bin is the Executive Chairman of the Company and he has 19.74% (excluding a total of 1,000,000 of the Company's shares retained as treasury shares) direct interest in the ordinary shares of the Company comprising of 140,420,120 ordinary shares and 0.02% indirect interest in the ordinary shares of the Company comprising of 138,510 ordinary shares (deemed interested through the shareholding of his spouse, Neoh Boon Loon, pursuant to Section 59(11)(c) of the Companies Act 2016) as at 31 December 2023. Chuah Choon Bin and Neoh Boon Loon have no interest in the shareholding of PSB.

Directors' Report
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2023**.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	**140,473,583**	**19,940,468**
Attributable to:		
Owners of the Company	**89,127,479**	**19,940,468**
Non-controlling interests	**51,346,104**	**-**
	140,473,583	**19,940,468**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2023** have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company had on 28 July 2023 paid a final single tier dividend of 2.0 sen per ordinary share amounting to RM14,226,342 in respect of the financial year ended 31 December 2022 as reported in the directors' report of that year.

On 22 February 2024, the Directors recommended a final single tier dividend of 2.0 sen per ordinary share amounting to approximately RM14.2 million in respect of the financial year ended 31 December 2023 for shareholders' approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any shares or debentures.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

As at 31 December 2023, the Company held 1,000,000 treasury shares out of its total 712,317,121 issued ordinary shares. The treasury shares are held at carrying amount of RM3,052,249 and further relevant details are disclosed in Note 18 to the financial statements.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

DIRECTORS

The directors of the Company and of the subsidiaries in office since the beginning of the financial year to the date of this report are as follows:

Directors of the Company:

Chuah Choon Bin ^
Gan Pei Joo ^
Leng Kean Yong ^
Dato' Loh Nam Hooi
Lee Kean Cheong
Roslinda Binti Ahmad (appointed on 7.4.2023)

^ Directors of the Company and certain subsidiaries.

Directors of the Subsidiaries:

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the financial year to the date of this report are as follows:

Hon Tuck Weng
Chan May May
Chuah Jin Chong
Sim Seng Loong @ Tai Seng
Ng Chin Keng
Dato' Yong Weng Kian
You Chin Teik
Chuah Chong Ewe

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:

	|----------------- Number of ordinary shares -----------------|			
	Balance at 1.1.2023	**Bought**	**Sold**	**Balance at 31.12.2023**
Interest in the Company				
Direct Interest:				
Chuah Choon Bin	140,420,120	-	-	140,420,120
Gan Pei Joo	50,486	-	-	50,486
Lee Kean Cheong	10,000	-	-	10,000
Leng Kean Yong	40,000	15,000	-	55,000
Dato' Loh Nam Hooi	437,400	-	-	437,400
Indirect Interest:				
Chuah Choon Bin *	138,510	-	-	138,510

* Deemed interest by virtue of shares held by his spouse.

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of ordinary shares of HKD0.01			
	Balance at 1.1.2023	**Bought/ Shares awarded**	**Sold**	**Balance at 31.12.2023**
Interest in a subsidiary				
Pentamaster International Limited				
Direct Interest:				
Chuah Choon Bin	26,611,200	-	-	26,611,200
Gan Pei Joo	7,861,877	258,333	-	8,120,210
Leng Kean Yong	250,000	-	-	250,000
Dato' Loh Nam Hooi	1,012,000	-	-	1,012,000

	Number of Employee Share Scheme over ordinary shares			
	Balance at 1.1.2023	**Granted**	**Vested**	**Balance at 31.12.2023**
Pentamaster International Limited				
Gan Pei Joo	241,667	300,000	(258,333)	283,334

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares in the Company and its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	Incurred by the Company RM	Incurred by the Subsidiaries RM	Group RM
Salaries, bonus and allowances	**20,000**	**3,362,340**	**3,382,340**
Defined contribution plan	**-**	**634,691**	**634,691**
Fees	**275,880**	**236,712**	**512,592**
Benefits-in-kind	**-**	**15,500**	**15,500**
Equity-settled share award scheme expenses	**-**	**144,702**	**144,702**
	295,880	**4,393,945**	**4,689,825**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for certain directors and officers of the Group were approximately **RM22 million** and **RM34,000** respectively.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(i) which would render it necessary to write off any 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

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

(iii) 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

(iv) 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:

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

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors:

(i) 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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) 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 the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

The details of the significant events during and subsequent to the financial year are disclosed in Note 37 to the financial statements.

AUDITORS

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

The total amount of fees paid to or receivable by the auditors and its member firms as remuneration for their services to the Group and the Company for the financial year ended 31 December 2023 are as follows:

	GROUP RM	COMPANY RM
Statutory audit	**887,702**	**73,000**
Assurance and non-audit services	**58,000**	**15,000**
Total	**945,702**	**88,000**

The Company has agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

Chuah Choon Bin

Gan Pei Joo

Penang,

Date: 26 April 2024

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 103 to 163 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 **31 December 2023** 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:

Chuah Choon Bin

Gan Pei Joo

Date: 26 April 2024

Statutory Declaration

I, **Chuah Choon Bin**, the director primarily responsible for the financial management of **Pentamaster Corporation Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 103 to 163 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **26th**)
day of **April 2024**.)

Chuah Choon Bin

Before me,

Goh Suan Bee (P125)
Commissioner for Oaths

Independent Auditors' Report to the Members

of **PENTAMASTER CORPORATION BERHAD** 200201004644 (572307-U)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Pentamaster Corporation Berhad**, which comprise the statements of financial position as at **31 December 2023** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 103 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 December 2023** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilites

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *(Note 27 to the financial statements)* The revenue recognition from the automated test equipment, factory automated solutions and smart control solution system segments depends on the nature of the contractual arrangement with the customer and this could impact the point at which the control is transferred and service is rendered to the customer. The Group's revenue during the financial year from these activities amounted to approximately RM692 million. We identified revenue recognition to be an area of audit focus as we consider the magnitude and high volume of transactions to be a possible cause of a higher risk of material misstatements in respect of the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.	Our audit procedures in relation to revenue recognition included, amongst others, the following: - Evaluated the assessment performed by management on compliance with revenue recognition policies. - Obtained an understanding of the Group's revenue recognition process and their application and thereafter testing controls on the occurrence of revenue. - Performed analytical procedures on the trend of revenue recognised to identify for any abnormalities. - Performed substantive testing on a sampling basis to verify that revenue recognition criteria are being properly applied. - Assessed the correct period for the revenue recognised by testing cut-off through assessing sales transactions taking place at either side of the end of the reporting period as well as checking credit notes and sales return issued after the reporting period. - Reviewed the sales ledger and identified for sales transactions that are entered using journals or debit notes and evaluated the nature of the transactions and whether they are bona fide transactions.

Key Audit Matters (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for expected credit losses of trade receivables *(Notes 3.2(ii), 14 and 35.3.1 to the financial statements)*	
The Group has significant exposure to credit risk arising from its trade receivables as at 31 December 2023. Assessing expected credit losses ("ECL") of trade receivables requires management's judgement and the use of estimates in determining the probability of default occurring by considering the ageing of receivables, historical loss experience and forward-looking information. We have identified the provision for ECL of trade receivables as a key audit matter due to the significance of trade receivables and the significant estimation involved in determining the provision for ECL of trade receivables.	Our audit procedures in relation to the provision for ECL of trade receivables included, amongst others, the following: - Obtained an understanding of: (i) the Group's control over the trade receivables' collection process; (ii) how the Group identifies and assesses the ECL of trade receivables; and (iii) how the Group makes the accounting estimates for provision for ECL. - Evaluated techniques and methodology adopted by the Group in assessing ECL against the requirements of MFRS 9. - Assessed the reasonableness of estimates and assumptions made by the management in determining the ECL, including assessed the accuracy of the historical default data, detailed analysis of ageing of trade receivables and forward-looking information.

There is no key audit matter to be communicated in the audit of the separate 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 the Directors for the Financial Statements

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

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

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

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

- Identify and assess the risks of material misstatements 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 those for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.

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

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

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

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

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 8 to the financial statements.

Other Matter

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

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Yeap Bee Har
No. 03715/02/2025 J
Chartered Accountant

Penang

Date: 26 April 2024

Statements of Financial Position

AS AT 31 DECEMBER 2023

		GROUP		COMPANY	
	NOTE	**2023 RM**	2022 RM	**2023 RM**	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	**282,037,266**	170,008,725	**-**	-
Investment properties	**5**	**22,560,254**	22,804,769	**-**	-
Goodwill	**6**	**4,495,368**	4,495,368	**-**	-
Intangible assets	**7**	**40,057,679**	40,682,508	**-**	-
Investment in subsidiaries	**8**	**-**	-	**120,173,083**	114,180,055
Investment in associates	**9**	**17,577,679**	20,071,194	**-**	-
Other investments	**10**	**9,868,309**	6,116,721	**-**	-
Other receivables, deposits and prepayments	**11**	**13,612,411**	-	**-**	-
Amount due from a subsidiary	**12**	**-**	-	**25,543,191**	25,543,191
		390,208,966	264,179,285	**145,716,274**	139,723,246
Current assets					
Inventories	**13**	**190,607,697**	170,934,251	**-**	-
Trade receivables	**14**	**196,289,435**	237,925,562	**-**	-
Other receivables, deposits and prepayments	**11**	**45,066,560**	60,407,181	**42,583**	343,550
Amount due from subsidiaries	**12**	**-**	-	**32,425,000**	35,012,339
Derivative financial assets	**15**	**2,384,171**	489,010	**-**	-
Other investments	**10**	**170,597**	218,310	**-**	-
Tax recoverable		**2,292,628**	2,790,601	**146**	272
Cash and cash equivalents	**16**	**490,869,827**	421,225,162	**92,599,175**	89,910,083
		927,680,915	893,990,077	**125,066,904**	125,266,244
TOTAL ASSETS		**1,317,889,881**	1,158,169,362	**270,783,178**	264,989,490

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

Statements of Financial Position

AS AT 31 DECEMBER 2023

		GROUP		COMPANY	
	NOTE	**2023 RM**	2022 RM	**2023 RM**	2022 RM
EQUITY AND LIABILITIES					
Share capital	**17**	**79,303,370**	79,303,370	**79,303,370**	79,303,370
Treasury shares	**18**	**(3,052,249)**	(3,052,249)	**(3,052,249)**	(3,052,249)
Shares held for employee share scheme ("ESS")	**19**	**(14,922,790)**	(11,477,811)	**-**	-
Reserves	**20**	**4,376,568**	3,655,263	**-**	-
Retained profits	**21**	**633,735,131**	558,358,585	**194,046,972**	188,332,846
		699,440,030	626,787,158	**270,298,093**	264,583,967
Non-controlling interests		**306,117,925**	265,953,680	**-**	-
Total equity		**1,005,557,955**	892,740,838	**270,298,093**	264,583,967
Non-current liabilities					
Deferred income	**22**	**620,182**	-	**-**	-
Deferred tax liabilities	**23**	**2,149,728**	3,762,024	**-**	-
Other payables, accruals and provision	**24**	**6,717,269**	-	**-**	-
		9,487,179	3,762,024	**-**	-
Current liabilities					
Trade payables	**25**	**118,029,653**	121,527,618	**-**	-
Other payables, accruals and provision	**24**	**44,483,903**	31,798,685	**481,199**	399,243
Contract liabilities	**26**	**138,440,948**	100,581,157	**-**	-
Amount due to subsidiaries	**12**	**-**	-	**3,886**	6,280
Derivative financial liabilities	**15**	**1,833,238**	6,846,688	**-**	-
Tax payable		**57,005**	912,352	**-**	-
		302,844,747	261,666,500	**485,085**	405,523
Total liabilities		**312,331,926**	265,428,524	**485,085**	405,523
TOTAL EQUITY AND LIABILITIES		**1,317,889,881**	1,158,169,362	**270,783,178**	264,989,490

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

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	NOTE	**RM**	RM	**RM**	RM
Revenue	**27**	**691,944,062**	600,586,987	**17,608,221**	17,191,095
Cost of goods sold		**(484,472,924)**	(417,367,861)	**-**	-
Gross profit		**207,471,138**	183,219,126	**17,608,221**	17,191,095
Other income		**8,260,216**	6,430,934	**7,068,276**	187,167
Distribution costs		**(9,255,718)**	(9,965,531)	**-**	-
Administrative expenses		**(78,576,691)**	(57,864,192)	**(2,395,665)**	(1,776,578)
Reversal for expected credit losses on receivables, net		**1,141,228**	4,798,324	**-**	-
Impairment loss on amount due from a subsidiary		**-**	-	**(5,116,234)**	(2,481,633)
Other operating expenses		**(616,757)**	(335,923)	**(216,755)**	(184,296)
Operating profit		**128,423,416**	126,282,738	**16,947,843**	12,935,755
Finance costs		**-**	(87,181)	**-**	-
Finance income		**12,963,405**	7,523,555	**2,992,625**	2,286,599
Share of profit/(loss) of associates		**39,365**	(1,635,182)	**-**	-
Profit before tax	**28**	**141,426,186**	132,083,930	**19,940,468**	15,222,354
Taxation	**29**	**(952,603)**	(1,543,588)	**-**	-
Profit for the financial year/ Balance carried forward		**140,473,583**	130,540,342	**19,940,468**	15,222,354

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

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	NOTE	**RM**	RM	**RM**	RM
Profit for the financial year/ Balance brought forward		**140,473,583**	130,540,342	**19,940,468**	15,222,354
Total other comprehensive income/(loss), net of tax:					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation of foreign operations		**45,521**	(135,834)	**-**	-
Total comprehensive income for the financial year		**140,519,104**	130,404,508	**19,940,468**	15,222,354
Profit for the financial year, attributable to:					
Owners of the Company		**89,127,479**	82,418,671	**19,940,468**	15,222,354
Non-controlling interests		**51,346,104**	48,121,671	**-**	-
		140,473,583	130,540,342	**19,940,468**	15,222,354
Total comprehensive income for the financial year, attributable to:					
Owners of the Company		**89,156,567**	82,331,873	**19,940,468**	15,222,354
Non-controlling interests		**51,362,537**	48,072,635	**-**	-
		140,519,104	130,404,508	**19,940,468**	15,222,354
Earnings per share attributable to owners of the Company (sen):					
- Basic/Diluted	**30**	**12.53**	11.58		

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to Owners of the Company							
		Non-distributable				Distributable			
	NOTE	Share Capital RM	Treasury Shares RM	Shares Held for ESS RM	Reserves RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
2023									
Balance at beginning		79,303,370	(3,052,249)	(11,477,811)	3,655,263	558,358,585	626,787,158	265,953,680	892,740,838
Total comprehensive income for the financial year		-	-	-	29,088	89,127,479	89,156,567	51,362,537	140,519,104
Transactions with owners:									
Dividend paid	31	-	-	-	-	(14,226,342)	(14,226,342)	-	(14,226,342)
Dividend paid to non-controlling interest		-	-	-	-	-	-	(9,948,579)	(9,948,579)
Effect of changes in shareholding		-	-	-	-	(63,665)	(63,665)	-	(63,665)
Equity-settled ESS expenses	20.1	-	-	-	8,872,500	(3,202,973)	5,669,527	3,202,973	8,872,500
ESS vested	19, 20.1	-	-	8,890,922	(8,634,141)	(256,781)	-	-	-
Purchase of shares held for ESS	19	-	-	(12,335,901)	-	4,452,686	(7,883,215)	(4,452,686)	(12,335,901)
Transfers to statutory reserve		-	-	-	453,858	(453,858)	-	-	-
Total transactions with owners		-	-	(3,444,979)	692,217	(13,750,933)	(16,503,695)	(11,198,292)	(27,701,987)
Balance at end		79,303,370	(3,052,249)	(14,922,790)	4,376,568	633,735,131	699,440,030	306,117,925	1,005,557,955

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	Attributable to Owners of the Company						Non-controlling Interests RM	Total Equity RM
		Non-distributable				Distributable			
		Share Capital RM	Treasury Shares RM	Shares Held for ESS RM	Reserves RM	Retained Profits RM	Total RM		
2022									
Balance at beginning		79,303,370	-	(4,270,104)	2,302,601	488,418,558	565,754,425	229,864,463	795,618,888
Total comprehensive income for the financial year		-	-	-	(86,798)	82,418,671	82,331,873	48,072,635	130,404,508
Transactions with owners:									
Dividend paid	31	-	-	-	-	(14,226,342)	(14,226,342)	-	(14,226,342)
Dividend paid to non-controlling interest		-	-	-	-	-	-	(9,712,900)	(9,712,900)
Equity-settled ESS expenses	20.1	-	-	-	7,574,332	(2,734,334)	4,839,998	2,734,334	7,574,332
ESS vested	19, 20.1	-	-	6,657,692	(6,134,872)	(522,820)	-	-	-
Purchase of shares held for ESS	19	-	-	(13,865,399)	-	5,004,852	(8,860,547)	(5,004,852)	(13,865,399)
Share buy-back	18	-	(3,052,249)	-	-	-	(3,052,249)	-	(3,052,249)
Total transactions with owners		-	(3,052,249)	(7,207,707)	1,439,460	(12,478,644)	(21,299,140)	(11,983,418)	(33,282,558)
Balance at end		79,303,370	(3,052,249)	(11,477,811)	3,655,263	558,358,585	626,787,158	265,953,680	892,740,838

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

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	Share Capital RM	Treasury Shares RM	Distributable Retained Profits RM	Total Equity RM
2023					
Balance at beginning		**79,303,370**	**(3,052,249)**	**188,332,846**	**264,583,967**
Total comprehensive income for the financial year		**-**	**-**	**19,940,468**	**19,940,468**
Transactions with owners:					
Dividend paid	**31**	**-**	**-**	**(14,226,342)**	**(14,226,342)**
Balance at end		**79,303,370**	**(3,052,249)**	**194,046,972**	**270,298,093**
2022					
Balance at beginning		79,303,370	-	187,336,834	266,640,204
Total comprehensive income for the financial year		-	-	15,222,354	15,222,354
Transactions with owners:					
Dividend paid	31	-	-	(14,226,342)	(14,226,342)
Share buy-back	18	-	(3,052,249)	-	(3,052,249)
Balance at end		79,303,370	(3,052,249)	188,332,846	264,583,967

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**141,426,186**	132,083,930	**19,940,468**	15,222,354
Adjustments for:				
Amortisation of intangible assets	**6,259,239**	4,919,305	**-**	-
Changes in fair value of foreign currency forward contracts	**(6,908,611)**	7,604,095	**-**	-
Depreciation of property, plant and equipment	**11,475,722**	5,762,328	**-**	-
Equity-settled ESS expenses	**8,872,500**	7,574,332	**10,807**	26,582
Expected credit loss on receivables				
- current year	**485,786**	1,909,982	**-**	-
- reversal	**(1,627,014)**	(6,708,306)	**-**	-
(Gain)/Loss on changes in fair value of other investments	**(12,467)**	15,775	**-**	-
Gain on disposal of:				
- investment in a subsidiary	**-**	-	**(5,929,367)**	-
- other investments	**(17,796)**	(14,822)	**-**	-
- property, plant and equipment	**-**	(57,995)	**-**	-
Impairment loss on amount due from a subsidiary	**-**	-	**5,116,234**	2,481,633
Intangible assets written off	**2,997**	-	**-**	-
Interest expense	**-**	87,181	**-**	-
Interest income	**(12,963,405)**	(7,523,555)	**(2,992,625)**	(2,286,599)
Inventories written down - addition	**869,478**	244,748	**-**	-
- reversal	**(214,096)**	(102,269)	**-**	-
Loss on disposal of interest in an associate	**25,526**	-	**-**	-
Property, plant and equipment written off	**4,257**	38	**-**	1
Provision for warranty - current year	**2,499,289**	1,515,000	**-**	-
- reversal	**(1,515,000)**	(1,256,000)	**-**	-
Share of (profit)/loss of associates	**(39,365)**	1,635,182	**-**	-
Unrealised loss on foreign exchange	**1,185,908**	885,408	**629,517**	75,522
Waiver of debts	**-**	(4,780,000)	**-**	-
Operating profit before working capital changes	**149,809,134**	143,794,357	**16,775,034**	15,519,493
Changes in:				
Inventories	**(20,328,828)**	(99,071,025)	**-**	-
Receivables	**59,827,231**	(87,007,609)	**285,622**	(91,934)
Payables	**(8,905,210)**	41,997,155	**81,956**	(18,482)
Contract liabilities	**37,859,791**	36,428,774	**-**	-
Cash generated from operations/ Balance carried forward	**218,262,118**	36,141,652	**17,142,612**	15,409,077

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	NOTE	**RM**	RM	**RM**	RM
Cash generated from operations/ Balance brought forward		**218,262,118**	36,141,652	**17,142,612**	15,409,077
Grant received		**620,182**	-	**-**	-
Income tax paid		**(3,233,580)**	(4,479,294)	**(80)**	(66)
Income tax refunded		**284,229**	246,496	**206**	-
Interest paid		**-**	(87,181)	**-**	-
Net cash from operating activities		**215,932,949**	31,821,673	**17,142,738**	15,409,011
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of:					
- interest of non-controlling interest in a subsidiary		**(6,826,089)**	-	**(6,826,089)**	-
- other investments		**(3,751,588)**	(6,253,929)	**-**	-
Deposits paid for acquisition of property, plant and equipment		**(13,612,411)**	-	**-**	-
Interest received		**12,963,405**	7,523,555	**2,992,625**	2,286,599
Investment in a subsidiary		**-**	-	**-**	(4,999,998)
Net changes in related subsidiaries' balances		**-**	-	**(2,542,096)**	(30,770,895)
Proceeds from disposal of:					
- investment in associates		**7,009**	-	**-**	-
- other investments		**77,976**	291,751	**-**	-
- property, plant and equipment		**-**	58,000	**-**	-
- shares to non-controlling interest of a subsidiary		**6,762,428**	-	**6,762,428**	-
Purchase of:					
- intangible assets		**(5,634,853)**	(4,126,897)	**-**	-
- investment properties		**-**	(3,582,500)	**-**	-
- property, plant and equipment	**A**	**(102,466,822)**	(40,608,699)	**-**	-
Redemption of redeemable convertible preference shares invested in an associate		**2,500,000**	-	**-**	-
Net cash (used in)/from investing activities		**(109,980,945)**	(46,698,719)	**386,868**	(33,484,294)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of term loan	**B**	**-**	(2,564,887)	**-**	-
Dividend paid		**(14,226,342)**	(14,226,342)	**(14,226,342)**	(14,226,342)
Dividend paid to non-controlling interest of a subsidiary		**(9,948,579)**	(9,712,900)	**-**	-
Purchase of:					
- shares in a subsidiary for ESS		**(12,335,901)**	(13,865,399)	**-**	-
- treasury shares		**-**	(3,052,249)	**-**	(3,052,249)
Net cash used in financing activities		**(36,510,822)**	(43,421,777)	**(14,226,342)**	(17,278,591)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS CARRIED FORWARD		**69,441,182**	(58,298,823)	**3,303,264**	(35,353,874)

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**69,441,182**	(58,298,823)	**3,303,264**	(35,353,874)
Effects of foreign exchange rate changes	**203,483**	1,282,712	**(614,172)**	51
CASH AND CASH EQUIVALENTS AT BEGINNING	**421,225,162**	478,241,273	**89,910,083**	125,263,906
CASH AND CASH EQUIVALENTS AT END	**490,869,827**	421,225,162	**92,599,175**	89,910,083

A. Purchase of property, plant and equipment

	GROUP 2023 RM	GROUP 2022 RM	COMPANY 2023 RM	COMPANY 2022 RM
Total acquisition cost	**(123,260,396)**	(40,608,699)	**-**	-
Retention payables (Note 24 (i))	**6,717,269**	-	**-**	-
Other payables (Note 24 (ii))	**14,076,305**	-	**-**	-
Total cash acquisition	**(102,466,822)**	(40,608,699)	**-**	-

B. Liability arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	**Net Cash flows RM**	**Balance at end RM**
Group			
2022			
Term Loan	2,564,887	(2,564,887)	-

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

Notes to the Financial Statements
31 DECEMBER 2023

1. **CORPORATE INFORMATION**

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang.

The principal place of business of the Company is located at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2024.

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards 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 the historical cost convention, except for certain financial instruments that are measured at fair values at the end of each reporting period as indicated in the material accounting policy information as set out in the notes to the financial statements.

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

2.3 **Functional and Presentation Currency**

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

2.4 **Adoption of New Standard/Amendments to MFRSs**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following new standard/amendments to MFRSs that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2023
MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 Presentation of Financial Statements: 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
Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules

2. **BASIS OF PREPARATION** (CONT'D)

2.4 **Adoption of New Standard/Improvements to MFRSs** (Cont'd)

Initial application of the above new standard/amendments to the MFRSs did not have material impact to the financial statements, except for Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of the financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board ("MASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

2.5 **Standards Issued But Not Yet Effective**

The following are accounting standards that have been issued by MASB but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2024
Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for annual period beginning on or after 1 January 2025
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Effective date yet to be confirmed
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above amendments to MFRSs is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

3.1 **Judgements made in applying accounting policies**

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS** (CONT'D)

3.2 **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimate is made. Possible changes in these estimates could result in revisions to the valuations of inventories.

The inventories written-down to their net realisable value are disclosed in Note 13 to the financial statements.

(ii) **Provision for expected credit losses ("ECL") of trade receivables**

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's trade receivables is disclosed in Note 35.3.1 to the financial statements.

(iii) **Research and development costs**

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset only when all the criteria as set out in MFRS138 Intangible assets are met, whereas research costs are expensed as incurred. The Group's management also monitor whether the recognition requirements for development cost continue to be met.

As at 31 December 2023, the net carrying amount of capitalised development costs is disclosed in Note 7.2 to the financial statements.

(iv) **Impairment assessment of goodwill**

The Group performs an impairment assessment on its goodwill at least on an annual basis or when there is evidence of impairment. This requires an estimation of the value-in use of the cash generating unit ("CGU"). The value-in use calculation is based on a Discounted Cash Flows ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGU is disclosed in Note 6 to the financial statements.

4. **PROPERTY, PLANT AND EQUIPMENT**

GROUP

2023	Leasehold land RM	Buildings on leasehold land RM	Machinery and equipment RM	Furniture, fittings and office equipment RM	Computers RM	Electrical installation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
At cost									
Balance at beginning	36,984,753	91,279,376	64,188,723	2,263,803	8,581,440	2,751,605	3,888,671	11,216,658	221,155,029
Additions	-	-	30,691,021	220,638	1,484,378	-	150,000	90,714,359	123,260,396
Written off	-	-	-	-	(541,891)	-	-	-	(541,891)
Reclassification	-	755,058	-	-	-	-	-	(755,058)	-
Foreign currency translation	-	-	-	2,446	1,760	-	-	-	4,206
Balance at end	36,984,753	92,034,434	94,879,744	2,486,887	9,525,687	2,751,605	4,038,671	101,175,959	343,877,740
Accumulated depreciation									
Balance at beginning	1,664,687	16,890,203	18,422,453	1,351,558	6,826,074	2,378,003	3,613,326	-	51,146,304
Current charge	420,028	1,571,033	7,451,672	448,392	1,174,782	45,671	119,629	-	11,231,207
Written off	-	-	-	-	(537,634)	-	-	-	(537,634)
Foreign currency translation	-	-	-	176	421	-	-	-	597
Balance at end	2,084,715	18,461,236	25,874,125	1,800,126	7,463,643	2,423,674	3,732,955	-	61,840,474
Carrying amount	34,900,038	73,573,198	69,005,619	686,761	2,062,044	327,931	305,716	101,175,959	282,037,266

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

2022	Leasehold land RM	Buildings on leasehold land RM	Machinery and equipment RM	Furniture, fittings and office equipment RM	Computers RM	Electrical installation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
At cost									
Balance at beginning	36,984,753	90,737,636	20,760,707	1,642,968	7,257,765	2,783,536	3,883,558	17,123,568	181,174,491
Additions	-	183,868	27,504,013	265,939	1,465,226	-	178,997	11,010,656	40,608,699
Disposals	-	-	-	-	-	-	(173,884)	-	(173,884)
Written off	-	-	-	-	(140,193)	-	-	-	(140,193)
Reclassification	-	617,681	15,924,003	375,882	-	-	-	(16,917,566)	-
Adjustment	-	(259,809)	-	-	-	(31,931)	-	-	(291,740)
Foreign currency translation	-	-	-	(20,986)	(1,358)	-	-	-	(22,344)
Balance at end	36,984,753	91,279,376	64,188,723	2,263,803	8,581,440	2,751,605	3,888,671	11,216,658	221,155,029
Accumulated depreciation									
Balance at beginning	1,519,596	15,332,685	16,166,396	1,034,233	5,876,034	2,342,176	3,671,644	-	45,942,764
Current charge	145,091	1,557,518	2,256,057	317,328	1,090,431	35,827	115,561	-	5,517,813
Disposals	-	-	-	-	-	-	(173,879)	-	(173,879)
Written off	-	-	-	-	(140,155)	-	-	-	(140,155)
Foreign currency translation	-	-	-	(3)	(236)	-	-	-	(239)
Balance at end	1,664,687	16,890,203	18,422,453	1,351,558	6,826,074	2,378,003	3,613,326	-	51,146,304
Carrying amount	35,320,066	74,389,173	45,766,270	912,245	1,755,366	373,602	275,345	11,216,658	170,008,725

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

COMPANY

	Computers	
	2023	2022
	RM	RM
At cost		
Balance at beginning	**-**	3,150
Written off	**-**	(3,150)
Balance at end	**-**	-
Accumulated depreciation		
Balance at beginning	**-**	3,149
Written off	**-**	(3,149)
Balance at end	**-**	-
Carrying amount	**-**	-

Included in property, plant and equipment is the following:

(i) The carrying amount of leasehold land amounting to **RM Nil** (2022: RM4,660,226) is charged to a licensed bank as security for banking facility granted to a subsidiary.

(ii) The Group's leasehold land meets the definition of right-of-use assets. However, the Group elected not to disclose the right-of-use assets separately. Instead, they continue to be recognised under property, plant and equipment as though these assets are owned.

Material accounting policy information

Property, plant and equipment are initially stated at cost less accumulated depreciation and accumulated impairment losses.

Buildings erected on leasehold land are depreciated on a straight-line basis over the lease period of the land of 60 years. The leasehold land of the Group is depreciated over the lease period. Depreciation on other property, plant and equipment is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Machinery and equipment	10% - 33.33%
Furniture, fittings and office equipment	10% - 20%
Computers	20% - 33.33%
Electrical installation	10%
Motor vehicles	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

5. INVESTMENT PROPERTIES

	Leasehold commercial units	
	2023	2022
	RM	RM
At cost		
Balance at beginning	**23,453,500**	19,871,000
Additions	**-**	3,582,500
Balance at end	**23,453,500**	23,453,500
Accumulated depreciation		
Balance at beginning	**648,731**	404,216
Current charge	**244,515**	244,515
Balance at end	**893,246**	648,731
Carrying amount	**22,560,254**	22,804,769

(i) The investment properties are held to earn rental and for capital appreciation.

(ii) The fair value of investment properties for disclosure purpose is as follows:

	2023	2022
	RM	RM
Fair value	**24,013,000**	23,603,000

The fair value of the investment properties is measured by reference to the valuation by independent professional qualified valuers or the open market value of properties in the vicinity under level 2 of the fair value hierachy. The key input under this approach is the price per square foot from sale of comparable properties. The higher/(lower) the price per square foot, the higher/(lower) the fair value of the investment properties.

(iii) The following amounts are recognised in profit or loss in respect of the investment properties:

	2023	2022
	RM	RM
Rental income from rental generating properties	**389,557**	280,096
Direct operating expenses arising from:		
- Rental generating properties	**(217,242)**	(99,386)
- Non-rental generating properties	**(210,131)**	(294,955)

Material accounting policy information

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold commercial units are depreciated on a straight-line basis over the lease period of 99 years.

6. GOODWILL

The carrying amount of goodwill, net of any impairment loss, is allocated to the CGU of factory automation solutions - medical devices. No impairment loss was required for the goodwill as its recoverable amount is in excess of its carrying amount.

The recoverable amount for the CGU was determined based on value-in use calculations covering a detailed five-year budget plan followed by an extrapolation of expected cash flows at the growth rates stated below.

The key assumptions used for value-in use calculations were as follows:

	2023	2022
Average growth rates	**3%**	8%
Discount rates	**18%**	18%

The management believes that no reasonably possible changes in the key assumptions disclosed would cause the recoverable amount of the CGU to differ materially from its carrying amount except for changes in prevailing operating environment which is not ascertainable.

7. INTANGIBLE ASSETS

		GROUP	
		2023	2022
	NOTE	**RM**	RM
Property management right	**7.1**	**-**	-
Development expenditure	**7.2**	**24,969,491**	24,197,019
Computer software acquired	**7.3**	**1,652,388**	810,389
Technical know-how	**7.4**	**13,435,800**	15,675,100
		40,057,679	40,682,508

7.1 Project management right

	GROUP	
	2023	2022
	RM	RM
At cost	**9,000,000**	9,000,000
Accumulated amortisation	**9,000,000**	9,000,000
Carrying amount	**-**	-

7. **INTANGIBLE ASSETS** (CONT'D)

7.2 **Development expenditure**

	GROUP	
	2023	2022
	RM	RM
At cost		
Balance at beginning	**48,114,183**	44,502,826
Additions	**3,980,819**	3,611,357
Balance at end	**52,095,002**	48,114,183
Accumulated amortisation		
Balance at beginning	**20,327,164**	18,251,224
Current charge	**3,208,347**	2,075,940
Balance at end	**23,535,511**	20,327,164
Accumulated impairment loss		
Balance at beginning/end	**3,590,000**	3,590,000
Carrying amount	**24,969,491**	24,197,019

Development expenditure relates to development of test and measurement instruments, test handler and solutions, automation warehouse solutions and single-use medical instruments.

7.3 **Computer software acquired**

	GROUP	
	2023	2022
	RM	RM
At cost		
Balance at beginning	**4,506,314**	3,990,774
Additions	**1,654,034**	515,540
Written off	**(2,129,320)**	-
Foreign currency translation	**2,481**	-
Balance at end	**4,033,509**	4,506,314
Accumulated amortisation		
Balance at beginning	**3,695,925**	3,091,860
Current charge	**811,592**	604,065
Written off	**(2,126,323)**	-
Foreign currency translation	**(73)**	-
Balance at end	**2,381,121**	3,695,925
Carrying amount	**1,652,388**	810,389

7. **INTANGIBLE ASSETS** (CONT'D)

7.4 **Technical know-how**

	GROUP	
	2023	2022
	RM	RM
At cost		
Balance at beginning/at end	**22,393,000**	22,393,000
Accumulated amortisation		
Balance at beginning	**6,717,900**	4,478,600
Current charge	**2,239,300**	2,239,300
Balance at end	**8,957,200**	6,717,900
Carrying amount	**13,435,800**	15,675,100

The technical know-how represents the research development information, technical data, design, prototypes and empirical data related to the technology of manufacturing and assembling of the automation machines and die casting parts for the medical industry.

The technical know-how was measured at their fair values using the income approach (excess earnings method) at the date of acquisition, i.e., 27 September 2019 and the valuation of the technical know-how was performed by an independent professional valuer.

Material accounting policy information

Project management right

The project management right was identified as an identifiable intangible asset acquired through a business combination. The project management right entails the Group to manage the construction of a phase of a property development project in Malaysia and in return will receive project management fee and share of profit generated by the developer from the project.

The project management right is measured at fair value on initial recognition at acquisition date. Following initial recognition, the project management right is carried at cost less accumulated amortisation and accumulated impairment losses.

Project management right is amortised over 4 years.

Research and development

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the commencement of the commercialisation of the products. Capitalised development costs are amortised over 5 years.

7. **INTANGIBLE ASSETS** (CONT'D)

Material accounting policy information (Cont'd)

Computer software

The cost of computer software comprised the cost of acquisition of software and all directly attributable costs of preparing the assets for their intended use and are amortised on a straight-line basis over the estimated life of 2 to 5 years. The amount amortised is charged to profit or loss of the Group under administrative expenses.

Technical know-how

Technical know-how is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of these intangible assets. Technical know-how is amortised over 10 years.

8. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2023	2022
	RM	RM
Unquoted shares, at cost		
Balance at beginning	**11,280,000**	6,280,002
Addition	**-**	4,999,998
	11,280,000	11,280,000
Less: accumulated impairment loss	**(4,848,024)**	(4,848,024)
Balance at end	**6,431,976**	6,431,976
Quoted shares, at cost		
Balance at beginning	**107,748,079**	107,748,079
Addition	**6,826,089**	-
Disposal	**(833,061)**	-
Balance at end	**113,741,107**	107,748,079
	120,173,083	114,180,055

(i) Details of the subsidiaries, all of which were incorporated and their principal place of business are in Malaysia, except where indicated are as follows:

	Name of Company	Effective Equity Interest 2023	Effective Equity Interest 2022	Principal Activities
	Direct			
#	Pentamaster International Limited ("PIL") (Incorporated in Cayman Islands)	**63.9%**	63.9%	Investment holding.
	Pentamaster Smart Solution Sdn. Bhd. ("PSS")	**100%**	100%	Designing and manufacturing of smart control solution systems.
	Origo Ventures (M) Sdn. Bhd. ("OV")	**100%**	100%	Property project management activities.
	Pentamaster Innoteq Sdn. Bhd. ("PB")	**100%**	100%	Investment holding and provision of testing solution services.

8. **INVESTMENT IN SUBSIDIARIES** (CONT'D)

(i) Details of the subsidiaries, all of which were incorporated and their principal place of business are in Malaysia, except where indicated are as follows: (cont'd)

	Name of Company	Effective Equity Interest 2023	Effective Equity Interest 2022	Principal Activities
	Indirect - held through PIL			
	Pentamaster Technology (M) Sdn. Bhd. ("PT")	**100%**	100%	Design, manufacturing and installation of computerised automation systems and equipment. PT's branch office in Singapore is principally involved in the manufacture and repair of semiconductor assembly and testing equipment (including computer burn-in-system).
	Pentamaster Equipment Manufacturing Sdn. Bhd. ("PQ")	**100%**	100%	Equipment design and manufacturing services and manufacturing of high precision machine parts.
	Pentamaster Instrumentation Sdn. Bhd. ("PU")	**100%**	100%	Designing and manufacturing of automated testing equipment and test and measurement system.
	Pentamaster MediQ Sdn. Bhd. ("PD")	**100%**	100%	Designing and manufacturing of single-use medical devices, medical equipment and related instruments.
	Indirect - held through PT			
*	Pentamaster Technology (Jiangsu) Limited ("PTJS") (Incorporated and principal place of business is in The People's Republic of China)	**100%**	100%	Research and development, manufacturing and sales of automated testing equipment and automation solutions as well as providing technical services, development, consulting and other businesses.
*	Pentamaster Automation (Japan) Co., Ltd ("PAJ") (Incorporated and principal place of business is in Japan)	**100%**	100%	Design and development, production and sales of automated test equipment, factory automation system and other handling solutions as well as providing technical consulting services and other related support services.
*	Pentamaster Automation (Germany) GmbH ("PAG") (Incorporated and principal place of business is in Germany)	**100%**	-	Design and development, production and sales of automated test equipment, factory automation system and other handling solutions as well as providing technical consulting services and other related support services.

8. **INVESTMENT IN SUBSIDIARIES** (CONT'D)

(i) Details of the subsidiaries, all of which were incorporated and their principal place of business are in Malaysia, except where indicated are as follows: (cont'd)

Name of Company	Effective Equity Interest 2023	2022	Principal Activities
Indirect - held through PQ			
TP Concept Sdn. Bhd. ("TP")	**100%**	100%	Manufacturing and assembling of medical machines and manufacturing of die casting parts.
* Pentamaster Equipment Manufacturing, Inc. ("PEMI") (Incorporated and principal place of business is in California, the United States of America)	**100%**	100%	Provision of sales and support services.

\# *Listed on the Main Board of The Stock Exchange of Hong Kong Limited. Audited by a member firm of Grant Thornton International Limited.*

* *Not audited by Grant Thornton Malaysia PLT.*

(ii) **Controlled structured entity**

The Group controls a structured entity, particulars of which are as follows:

Name of structured entity	Effective Equity Interest 2023	2022	Principal activities
Indirect - held through PIL			
PIL - Pekerja SS Limited ("PILPSS") (Incorporated in the British Virgin Islands)	**100%**	100%	Purchases, administers and holds the shares of PIL for the employee share scheme.

PILPSS was incorporated on 31 December 2020 for the purpose of purchasing, administering and holding the ordinary shares of PIL for the employee share scheme implemented by PIL. The Group has the power to direct the relevant activities of PILPSS and it has the ability to use its power over PILPSS to affect its exposure to returns. Therefore, the assets and liabilities of PILPSS are included in the Group's statements of financial position and PIL's ordinary shares that the Group holds are presented as a deduction in equity as shares held for employee share scheme.

(iii) **Investment in PIL**

During the financial year, the Company has acquired 11,232,000 ordinary shares for a total consideration of RM6,826,089 and disposed of 11,232,000 ordinary shares for a total consideration of RM6,762,428. No changes in the percentage of effective equity interest in PIL subsequent to the acquisition and disposal of ordinary shares.

(iv) **Incorporation of PAG**

On 29 March 2023, the Company through its subsidiary, PT has incorporated a wholly foreign-owned subsidiary, PAG, in Germany with an issued and paid-up share capital of Euro25,000.

8. **INVESTMENT IN SUBSIDIARIES** (CONT'D)

(v) **Additional investments**

In the previous financial year, the Company subscribed an additional 4,999,998 new ordinary shares at an issue price of RM1 per share in PB for a consideration of RM4,999,998. No changes in the percentage of effective equity interest in PB subsequent to the additional investment.

(vi) **Non-controlling interests in a subsidiary**

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	PIL and its subsidiaries	
	2023	2022
	RM	RM
NCI percentage of ownership interest and voting interest	**36.1%**	36.1%
Carrying amount of NCI	**306,117,925**	265,953,680
Profit allocated to NCI	**51,346,104**	48,121,671
Summarised consolidated financial information before intra-group elimination		
As at 31 December		
Non-current assets	**354,565,983**	230,184,246
Current assets	**804,474,649**	771,477,656
Non-current liabilities	**(9,487,179)**	(3,762,024)
Current liabilities	**(301,581,362)**	(261,186,082)
Net assets	**847,972,091**	736,713,796
Financial year ended 31 December		
Revenue	**691,850,152**	600,586,987
Profit after tax	**142,232,976**	133,301,028
Total comprehensive income for the financial year	**142,278,497**	133,165,194
Summary of consolidated cash flows for the financial year ended 31 December		
Net cash from operating activities	**216,752,691**	59,947,443
Net cash used in investing activities	**(110,511,749)**	(39,239,223)
Net cash used in financing activities	**(39,890,307)**	(43,320,471)
Net cash inflow/(outflow) for the financial year	**66,350,635**	(22,612,251)

Material accounting policy information

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses.

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

9. INVESTMENT IN ASSOCIATES

	GROUP 2023 RM	GROUP 2022 RM
Unquoted shares, at cost	**6,557,760**	6,590,640
Share of post-acquisition reserves	**(4,480,081)**	(4,519,446)
	2,077,679	2,071,194
Investment in redeemable convertible preference shares ("RCPS")	**15,500,000**	18,000,000
	17,577,679	20,071,194

(i) Details of the associates which are as follows:

	Name of Company	Place of incorporation/ principal place of business	Effective Equity Interest 2023	Effective Equity Interest 2022	Principal activities
	Indirect - held through PT				
#	Penang Automation Cluster Sdn. Bhd. ("PAC")	Malaysia	**35.64%**	35.64%	Providing value added engineering development and technical training to automation cluster companies specialised in the area of design, development and manufacture of high precision metal fabrication components, modules and systems for semiconductor, electronics, automotive, aerospace and other high growth industries in the region.
#	Run Gao Da Technology (Xiangyang) Co., Ltd. ("RGA")	The People's Republic of China	**-**	6.67%	Provision of investment management and consultation service.

\# *Not audited by Grant Thornton Malaysia PLT.*

(ii) **Redemption of RCPS in PAC**

On 15 December 2023, PT, an indirect wholly-owned subsidiary has redeemed 2,500,000 RCPS out of 18,000,000 RCPS in PAC at a redemption price of RM1.00 per RCPS for a total cash redemption sum of RM2,500,000. No changes in the percentage of effective equity interest in PAC subsequent to the redemption of RCPS.

(iii) **Disposal of RGA**

During the financial year, the Group has disposed of its entire equity interests in RGA for a total cash consideration of RM7,009 (equivalent to RMB10,723), resulting in a loss on disposal of RM25,526 (equivalent to RMB39,277). The disposal was completed on 27 November 2023.

9. **INVESTMENT IN ASSOCIATES** (CONT'D)

(iv) Set out below are the summarised financial information of PAC which is accounted for using the equity method:

	2023 **RM**	2022 RM
Summarised financial information		
As at 31 December		
Non-current assets	**57,273,360**	64,887,829
Current assets	**9,912,754**	10,203,402
Non-current liabilities	**(13,175,115)**	(2,653,820)
Current liabilities	**(17,320,354)**	(25,320,072)
Non-controlling interests	**(362,491)**	(399,636)
Net assets attributable to owners	**36,328,154**	46,717,703
Year ended 31 December		
Revenue	**18,561,131**	15,791,052
Net profit/(loss), representing total comprehensive income/ (loss) attributable to owners	**110,453**	(4,588,052)
Reconciliation of net assets to carrying amount as at 31 December		
Net assets of PAC	**36,328,154**	46,717,703
Proportion of ownership interest held by the Group	**35.64%**	35.64%
	12,947,354	16,650,189
* Adjustment	**(11,048,400)**	(14,790,600)
Goodwill	**178,725**	178,725
Carrying amount in the statements of financial position	**2,077,679**	2,038,314

* Adjustment represented the Group's investment on PAC's preference shares which is not proportion to equity interest shared by the Group.

Group's share of results for the financial year ended 31 December		
Group's share of profit/(loss)	**39,365**	(1,635,182)

9. **INVESTMENT IN ASSOCIATES** (CONT'D)

(v) **Salient features of PAC's RCPS**

(a) The RCPS is convertible at the option of issuer at the issue price of RM1 per RCPS at any time after the issuance date, i.e., 29 December 2020 and up to maturity date, i.e., 28 December 2030;

(b) The RCPS holders shall be paid a non-cumulative preferential dividend at the rate of 1.5% per annum based on the issue price subject always to PAC achieving profit after tax of RM2,000,000 as stated in its audited accounts for that particular financial year end;

(c) The RCPS does not confer any voting rights unless converted into ordinary shares; and

(d) In the event of liquidation, the RCPS shall rank in priority to the ordinary shares of PAC.

As the rights and obligations of the ownership over RCPS are different from the ownership of ordinary shares of PAC, the Group's investment in RCPS is accounted for in accordance with MFRS 9 and measured at fair value through profit or loss ("FVTPL").

PAC is a strategic partner to build and manage the local supply chain ecosystem in the country that supports the Group's long-term strategy to grow its business in providing a wider range of high-end automated test equipment supporting various industries globally.

10. **OTHER INVESTMENTS**

	GROUP	
	2023	2022
	RM	RM
Non-current asset		
Fair value through other comprehensive income		
Unquoted shares in Malaysia	**5,000,000**	5,000,000
Unquoted shares outside Malaysia	**4,868,309**	1,116,721
	9,868,309	6,116,721
Current asset		
Fair value through profit or loss		
Quoted shares in Malaysia	**170,597**	218,310

Equity instruments designated at fair value through other comprehensive income ("FVOCI") are investment in equity shares of unquoted companies/funds. The Group holds non-controlling interests of 4.4% to 6.8% in these investments. These investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

Fair value of the quoted shares is determined by reference to published price quoted in an active market.

Material accounting policy information

For unquoted share in Malaysia and outside Malaysia, the Group has elected to classify these instruments irrevocably as equity instruments designated at FVOCI.

For quoted shares in Malaysia, the investment is carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of comprehensive income.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Non-current asset				
Refundable deposits [i]	**13,612,411**	-	**-**	-
Current assets				
Other receivables [ii]	**677,184**	1,161,751	**35,466**	336,279
Refundable deposits	**30,678,578**	30,854,058	**1,000**	1,000
Non-refundable deposits [iii]	**11,608,197**	27,679,493	**-**	-
Prepayments	**1,028,138**	616,670	**6,117**	6,271
Value-added tax claimable	**1,074,463**	95,209	**-**	-
	45,066,560	60,407,181	**42,583**	343,550
Total	**58,678,971**	60,407,181	**42,583**	343,550

GROUP

(i) Included in the non-refundable deposits under non-current assets of the Group represent the deposits paid to suppliers for the acquisition of property, plant and equipment.

(ii) Included in other receivables is an amount of **RM317,054** (2022: RM562,915) due from a related party, Maarij Development Sdn. Bhd. ("MDSB") for project financing expenses paid on behalf of MDSB for the property development project in which the Group is managing (Refer to Note 7.1 to the financial statements) and rental income charged.

(iii) Included in the non-refundable deposits under current assets of the Group represent the deposits paid to suppliers for purchase of raw materials.

12. AMOUNT DUE FROM/TO SUBSIDIARIES

	COMPANY	
	2023	2022
	RM	RM
Non-current asset		
Non-trade	**25,543,191**	25,543,191
Current asset		
Non-trade	**43,005,738**	40,476,843
Less: Impairment loss		
Balance at beginning	**(5,464,504)**	(2,982,871)
Current year	**(5,116,234)**	(2,481,633)
Balance at end	**(10,580,738)**	(5,464,504)
	34,425,000	35,012,339
Total	**59,968,191**	60,555,530

The amount due from subsidiaries is unsecured, non-interest bearing and classified based on the expected timing of realisation.

The amount due to subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable upon demand.

13. INVENTORIES

	GROUP	
	2023	2022
	RM	RM
Raw materials	**21,924,414**	19,147,559
Work-in-progress	**155,219,573**	147,492,734
Finished goods	**13,463,710**	4,293,958
	190,607,697	170,934,251
Recognised in profit or loss:		
Inventories recognised as cost of sales	**483,817,542**	417,225,382
Write-down to net realisable value		
- Addition	**869,478**	244,748
- Reversal	**(214,096)**	(102,269)

The reversal of inventories written down was made during the financial year when the related inventories were consumed in the production.

Material accounting policy information

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

Costs of all inventories are determined on the first-in, first-out basis.

14. TRADE RECEIVABLES

	GROUP	
	2023	2022
	RM	RM
Trade receivables	**198,483,262**	241,222,183
Less: Allowance for expected credit losses		
Balance at beginning	**(3,296,621)**	(8,094,945)
Current year	**(485,786)**	(1,909,982)
Reversal	**1,627,014**	6,708,306
Foreign currency translation	**(38,434)**	-
Balance at end	**(2,193,827)**	(3,296,621)
	196,289,435	237,925,562

(i) The normal credit terms granted to trade receivables range from **30 to 120 days** (2022: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

14. **TRADE RECEIVABLES** (CONT'D)

(ii) The currency profile of trade receivables is as follows:

	GROUP	
	2023	2022
	RM	RM
United States Dollar	**125,402,378**	154,423,273
Ringgit Malaysia	**36,395,270**	48,779,954
Chinese Renminbi	**34,386,000**	34,218,115
Japanese Yen	**105,787**	280,590
Singapore Dollar	**-**	212,206
Euro	**-**	11,424
	196,289,435	237,925,562

15. **DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)**

The Group enters into foreign currency forward contracts to manage its exposure to sales and purchases transactions that are denominated in USD. Foreign currency forward contracts are recognised as derivatives, categorised as FVTPL and are measured at their fair values with gains or losses recognised in the profit or loss. The foreign currency forward contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

During the financial year, the Group recognised a gain of **RM6,908,611** (2022: loss of RM7,604,095) arising from fair value changes of derivative assets and liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 35.8 to the financial statements.

Notional amount	**Derivative asset/ (liability) amount RM**	**Settlement date**	**Terms**	**Forward rates**
2023				
RM 118,783,640 (equivalent to USD25,460,000)	**2,384,171**	**2.1.2024 to 18.3.2024**	**37 to 343 days**	**RM4.65 to RM4.68/USD**
RM 59,892,500 (equivalent to USD13,500,000)	**(1,833,238)**	**19.1.2024 to 18.3.2024**	**278 to 312 days**	**RM4.43 to RM4.47/USD**
2022				
RM42,167,700 (equivalent to USD9,500,000)	489,010	12.1.2023 to 23.5.2023	107 to 249 days	RM4.40 to RM4.64/USD
RM184,085,350 (equivalent to USD43,500,000)	(6,846,688)	13.1.2023 to 12.4.2023	81 to 366 days	RM4.21 to RM4.25/USD

16. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Cash and bank balances	**130,798,303**	121,225,271	**7,587,081**	551,025
Short-term investments	**360,071,524**	299,999,891	**85,012,094**	89,359,058
	490,869,827	421,225,162	**92,599,175**	89,910,083

(i) The effective interest rate for the short-term investments is **2.05% to 3.66%** (2022: 1.80% to 3.10%) per annum and can be redeemed at any time upon notice given to the financial institution. The short-term investment represents investment in short-term funds. The short-term funds invest in a mixture of money market instruments with different maturity periods.

(ii) The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Ringgit Malaysia	**412,207,606**	352,097,734	**74,187,586**	89,909,053
Chinese Renminbi	**33,279,946**	23,837,787	**-**	-
Hong Kong Dollar	**25,995,115**	534,826	**18,411,589**	1,030
United States Dollar	**18,113,518**	26,353,483	**-**	-
Singapore Dollar	**647,127**	385,994	**-**	-
Euro	**493,060**	17,801,062	**-**	-
Others	**133,455**	214,276	**-**	-
	490,869,827	421,225,162	**92,599,175**	89,910,083

17. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023	2022	**2023**	2022
			RM	RM
Issued and fully paid with no par value	**712,317,121**	712,317,121	**79,303,370**	79,303,370

18. TREASURY SHARES

The Company's mandate relating to the share buyback of up to 10% of the existing total paid-up share capital, was approved by the shareholders of the Company at the annual general meeting held on 31 May 2022.

In the previous financial year, the Company had repurchased a total of 1,000,000 of its ordinary shares from the open market for a total consideration of RM3,052,249. The average price paid for the shares repurchased was approximately RM3.0522 per share and was financed by internally generated funds. The shares repurchased are held as treasury shares and treated in accordance with the requirements of Section 127(6) of the Companies Act 2016.

18. **TREASURY SHARES** (CONT'D)

Out of the total **712,317,121** (2022: 712,317,121) issued and paid-up ordinary shares as at 31 December 2023, **1,000,000** (2022: 1,000,000) ordinary shares are held as treasury shares by the Company. The number of outstanding ordinary shares in issue is therefore **711,317,121** (2022: 711,317,121) ordinary shares.

Treasury shares have no rights to vote, dividends and participation in other distribution.

19. **SHARES HELD FOR EMPLOYEE SHARE SCHEME ("ESS")**

The Shares held for ESS were purchased by a trust which administers the ESS of a foreign listed subsidiary of the Company. Details of the ESS are disclosed in Note 20.1 to the financial statements.

The movement of the share held for ESS is as follows:

	Number of PIL ordinary shares of HKD0.01		**Amount**	
	2023	2022	**2023**	2022
			RM	RM
Balance at beginning	**20,289,293**	6,877,349	**11,477,811**	4,270,104
Additions	**20,514,000**	24,618,000	**12,335,901**	13,865,399
Forfeited	**117,341**	235,097	**-**	-
Vested	**(15,511,179)**	(11,441,153)	**(8,890,922)**	(6,657,692)
Balance at end	**25,409,455**	20,289,293	**14,922,790**	11,477,811

20. **RESERVES**

		GROUP	
		2023	2022
	NOTE	**RM**	RM
Employee share scheme reserve ("ESS Reserve")	**20.1**	**3,944,249**	3,705,890
Foreign currency translation reserve	**20.2**	**(21,539)**	(50,627)
Statutory reserve	**20.3**	**453,858**	-
		4,376,568	3,655,263

20.1 **Employee share scheme reserve ("ESS reserve")**

PIL, a foreign listed subsidiary of the Company had on 1 April 2020 adopted an ESS to recognise contributions of employees within the PIL Group (comprising of PIL and its subsidiaries) and to incentivise these employees to achieve the long-term business goals and objectives of PIL.

The ESS is administered by the Board of PIL and the trustee as disclosed in Note 8 (ii) to the financial statements in accordance with the ESS rules and the trust deed of the ESS. Subject to any early termination as may be determined by the Board of PIL, the ESS shall be valid and effective for a term of 10 years commencing on its adoption date (i.e., 1 April 2020).

The maximum number of shares to be subscribed for and/or purchased by the trustee by applying the trust fund of the ESS for each calendar year for the purpose of the ESS shall not exceed 5% of the total number of issued shares as at the beginning of such calendar year. The directors of PIL shall not instruct the trustee to subscribe and/or purchase any shares for the purpose of the ESS when such subscription and/or purchase will result in the said limit being exceeded. The maximum number of shares which may be awarded to a selected employee under the ESS shall not exceed 1% of the total number of issued shares of PIL from time to time.

20. **RESERVES** (CONT'D)

20.1 **Employee share scheme reserve (“ESS reserve”)** (Cont'd)

The ESS reserve represents the fair value of the shares granted which was calculated based on the closing market price of the shares on the day of grant.

The number of shares granted and vested under the ESS of the Group during the financial year ended 31 December 2023 are as follows:

		I------------------ Number of shares granted under ESS -------------------I				
Date of grant	**Exercise periods (both dates inclusive)**	**Balance at beginning**	**Granted**	**Vested**	**Lapsed**	**Balance at end**
4.1.2021	4.1.2021 to 3.1.2023	4,735,694	-	(4,734,527)	(1,167)	-
1.7.2022	1.7.2022 to 1.7.2024	11,165,988	-	(5,401,015)	(328,171)	5,436,802
1.7.2023	1.7.2023 to 1.7.2025	-	16,127,000	(5,375,637)	-	10,751,363

The Board has full discretion to determine the amount of the share award to be vested to selected employees at the end of a performance period in accordance with the performance criteria approved by the Board. These performance criteria include at least one service year and key performance index.

The Company granted **16,127,000** (2022: 18,000,000) shares to selected employees on **1 July 2023** (2022: 1 July 2022), which will be vested in tranches of one-third each on every anniversary date of the grant date starting from the 1st anniversary date until the 3rd anniversary date. The fair value of the granted shares is calculated based on the closing market price of the shares of **RM0.5844** (2022: RM0.5173) on the day of the grant and amounted to **RM9,402,776** (2022: RM9,311,400) in total. Together with the granted shares in previous years, the Group recognised a Share Award Scheme expense of **RM8,872,500** (2022: RM7,574,332) during the year ended 31 December 2023.

During the year ended 31 December 2023, a total of **15,511,179** (2022: 11,441,153) awarded shares were vested. The cost and the fair value of the related vested shares were **RM8,890,922** (2022: RM6,657,692) and **RM8,634,141** (2022: RM6,134,872) respectively. The difference of **RM256,781** (2022: RM522,820) was charged to retained profits. As at 31 December 2023, the carrying amount of Shares held for Share Award Scheme was **RM14,922,790** (2022: RM11,477,811).

The movement of ESS reserve is as follows:

	GROUP	
	2023	2022
	RM	RM
Balance at beginning	**3,705,890**	2,266,430
Addition	**8,872,500**	7,574,332
Vested	**(8,634,141)**	(6,134,872)
Balance at end	**3,944,249**	3,705,890

20.2 **Foreign currency translation reserve**

The foreign currency translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group’s foreign subsidiaries.

20. **RESERVES** (CONT'D)

20.3 Statutory reserves

In accordance with the Company Law of the People's Republic of China ("PRC"), PTJS, a subsidiary incorporated in the PRC, is required to appropriate 10% of the annual statutory net profit after taxation (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of the entity's registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital after such usages.

21. RETAINED PROFITS

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

22. DEFERRED INCOME

Deferred income represents government grants received by PD, an indirect wholly-owned subsidiary for reimbursements of capital expenditure spent on research and development. Deferred income is released to profit or loss over the periods to match the related cost which the grants are intended to compensate, on a systematic basis. There are no unfulfilled conditions or contingencies relating to the grants.

23. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the year is as follows:

	Fair value adjustment on business combination RM	Property, plant and equipment RM	Unabsorbed tax losses RM	Unabsorbed capital allowance RM	Others RM	Total RM
GROUP						
2023						
Balance at beginning	**3,762,024**	**5,685,000**	**(4,615,000)**	**(50,000)**	**(1,020,000)**	**3,762,024**
Recognised in profit or loss	**-**	**785,000**	**4,067,000**	**43,000**	**(4,895,000)**	**-**
	3,762,024	**6,470,000**	**(548,000)**	**(7,000)**	**(5,915,000)**	**3,762,024**
Over provision in prior year	**(1,612,296)**	**-**	**-**	**-**	**-**	**(1,612,296)**
Balance at end	**2,149,728**	**6,470,000**	**(548,000)**	**(7,000)**	**(5,915,000)**	**2,149,728**
2022						
Balance at beginning	4,299,456	2,985,000	(3,170,139)	(36,000)	-	4,078,317
Recognised in profit or loss	(537,432)	2,700,000	(1,444,861)	(14,000)	(1,020,000)	(316,293)
Balance at end	3,762,024	5,685,000	(4,615,000)	(50,000)	(1,020,000)	3,762,024

23. DEFERRED TAX LIABILITIES (CONT'D)

The following deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised. As at the end of the reporting period, the Group's and the Company's deferred tax position are as follows:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Deferred tax assets not recognised:				
Unused tax losses	**(17,645,000)**	(16,170,000)	**(7,538,000)**	(7,538,000)
Unabsorbed capital allowances	**(188,000)**	(161,000)	**(58,000)**	(58,000)
Others	**(3,636,400)**	(14,815,100)	**-**	-
	(21,469,400)	(31,146,100)	**(7,596,000)**	(7,596,000)

The gross amount and future availability of unused tax losses and unabsorbed capital allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Unabsorbed capital allowances	**217,000**	202,000	**58,000**	58,000
Unused tax losses	**19,930,000**	20,686,000	**7,538,000**	7,538,000
	20,147,000	20,888,000	**7,596,000**	7,596,000

In respect of Malaysia's subsidiaries and the Company, the unused tax losses can be carried forward for ten (10) consecutive years of assessment immediately following that year of assessment of which tax losses was incurred and this is effective from YA 2019. However, unabsorbed capital allowances can be carried forward indefinitely.

The unused tax losses of the Group and of the Company will be disregarded in the following years of assessment:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
YA 2029	**12,945,000**	15,176,000	**5,439,000**	5,439,000
YA 2030	**2,064,000**	2,064,000	**1,190,000**	1,190,000
YA 2031	**1,935,000**	1,935,000	**902,000**	902,000
YA 2032	**886,000**	886,000	**7,000**	7,000
YA 2033	**625,000**	625,000	**-**	-
YA 2034	**1,475,000**	-	**-**	-
	19,930,000	20,686,000	**7,538,000**	7,538,000

24. **OTHER PAYABLES, ACCRUALS AND PROVISION**

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Non-current liability				
Other payables (i)	**6,717,269**	-	**-**	-
Current liabilities				
Other payables (ii)	**15,862,557**	5,974,393	**76,932**	31,330
Deferred cash consideration (iii)	**-**	2,123,232	**-**	-
Accruals	**26,052,075**	22,169,251	**404,267**	367,913
Sales and service tax payable	**40,278**	16,809	**-**	-
Provision for warranty	**2,494,114**	1,515,000	**-**	-
Withholding tax payable	**34,879**	-	**-**	-
	44,483,903	31,798,685	**481,199**	399,243
Total	**51,201,172**	31,798,685	**481,199**	399,243

(i) Included in the Group's other payables under non-current liabilities is retention sum payables of **RM6,717,269** (2022: RM Nil).

(ii) Included in the Group's other payables under current liabilities is an amount of **RM14,076,305** (2022: RM Nil) due to suppliers related to the construction work-in-progress.

(iii) The consideration payable referred to the balance amount of the consideration payable to the former shareholders of a subsidiary, TP, acquired in 2019. The consideration payable is subject to TP achieving certain performance milestones. In the previous financial year, the performance milestones were achieved and the Group was liable to release the deferred consideration to the former shareholders. The entire balance was paid to the former shareholders during the financial year.

Material accounting policy information

Provision for warranty costs is made in respect of goods sold and still under warranty at the end of the reporting period based on the terms of warranty and historical claim experience.

The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets.

25. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2023	2022
	RM	RM
Ringgit Malaysia	**61,758,262**	77,098,635
Euro	**28,567,745**	17,100,452
United States Dollar	**15,154,677**	17,042,604
Chinese Renminbi	**11,764,045**	9,771,111
Singapore Dollar	**603,603**	145,051
Japanese Yen	**124,359**	302,742
Others	**56,962**	67,023
	118,029,653	121,527,618

The normal credit terms granted by trade payables range from **14 to 150 days** (2022: 30 to 180 days).

Included in trade payables is an amount of **RM328,693** (2022: RM371,056) due to the Group's associate.

26. CONTRACT LIABILITIES

	GROUP	
	2023	2022
	RM	RM
Balance at beginning	**100,581,157**	64,152,383
Decrease on recognition of revenue	**(73,007,567)**	(61,788,788)
Increase on receiving deposits for sales orders	**110,867,358**	98,217,562
Balance at end	**138,440,948**	100,581,157

Contract liabilities comprised of deposits received from customers for manufacturing orders.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract. The deposit will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

All deposits received are expected to be settled within one year.

27. REVENUE

27.1 Disaggregation of revenue from contracts with customer

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Types of goods or services				
Sale of equipment				
- Automated test equipment	**452,253,971**	420,715,714	**-**	-
- Factory automation solutions	**239,596,181**	179,871,273	**-**	-
- Smart control solution system	**93,910**	-	**-**	-
Dividend income received from a subsidiary	**-**	-	**17,608,221**	17,191,095
Total revenue from contracts with customer, recognised at a point in time	**691,944,062**	600,586,987	**17,608,221**	17,191,095

Geographical segment

	COMPANY	
	2023	2022
	RM	RM
Geographical markets		
PRC (including Hong Kong), representing total revenue from contracts with customer	**17,608,221**	17,191,095

The geographical markets of the Group's revenue are disclosed in Note 34 to the financial statements.

27.2 Performance obligations

Sale of equipment

Revenue from sale of equipment usually includes the customised system/equipment and installation. The sale of the customised system/equipment and installation service are considered as one performance obligation because the promises to transfer customised system/equipment and provide installation service are not capable of being distinct and they are highly interrelated.

The performance obligation for sale of equipment is satisfied at a point in time because the customer does not control the equipment and the customer does not simultaneously receive and consume the benefits from the equipment manufactured by the Group.

Revenue is recognised upon shipment or at delivery destination point, provided that the product meets the performance acceptance criteria which is normally carried out prior to shipment. Under certain circumstances, customer acceptance is conducted at customer's site i.e. to ensure that the equipment purchased can be integrated with the customer's existing production flow. Under such circumstance, revenue is only recognised once customer acceptance has been received at customer's site.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of customised system/equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

28. **PROFIT BEFORE TAX**

This is arrived at:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
After charging:				
Amortisation of intangible assets:				
- computer software	**811,592**	604,065	**-**	-
- development expenditure	**3,208,347**	2,075,940	**-**	-
- technical know-how	**2,239,300**	2,239,300	**-**	-
Depreciation:				
- property, plant and equipment	**11,231,207**	5,517,813	**-**	-
- investment properties	**244,515**	244,515	**-**	-
Directors' fees				
- Directors of the Company				
- executive directors	**159,528**	156,346	**58,080**	58,080
- non-executive directors	**353,064**	305,262	**217,800**	174,240
- Director of a subsidiary				
- non-executive directors	**278,982**	270,231	**-**	-
Fees for statutory audit:				
- Grant Thornton Malaysia PLT	**409,000**	405,000	**73,000**	70,000
- Member firms of Grant Thornton International Limited	**478,702**	436,921	**-**	-
- Other auditor				
- current year	**18,329**	15,695	**-**	-
- under provision in prior year	**-**	8,739	**-**	-
Fees for assurance related and non-audit services:				
- Grant Thornton Malaysia PLT				
- current year	**58,000**	24,500	**15,000**	3,000
- under provision in prior year	**12,000**	-	**12,000**	-
Impairment loss on amount due from a subsidiary	**-**	-	**5,116,234**	2,481,633
Intangible assets written off	**2,997**	-	**-**	-
Inventories written down to net realisable value				
- addition	**869,478**	244,748	**-**	-
- reversal	**(214,096)**	(102,269)	**-**	-
Loss on changes in fair value of foreign currency forward contracts	**-**	7,604,095	**-**	-
Loss on changes in fair value of other investments	**-**	15,775	**-**	-
Loss on disposal of interest in an associate	**25,526**	-	**-**	-
Loss on foreign exchange				
- realised	**16,918,214**	-	**-**	-
- unrealised	**1,185,908**	885,408	**629,517**	75,522

28. **PROFIT BEFORE TAX** (CONT'D)

		GROUP		COMPANY	
		2023	2022	**2023**	2022
		RM	RM	**RM**	RM
	Property, plant and equipment written off	**4,257**	38	**-**	1
	Provision for warranty				
	- current year	**2,499,289**	1,515,000	**-**	-
	- reversal	**(1,515,000)**	(1,256,000)	**-**	-
*	Rental of hostel	**381,951**	352,278	**-**	-
*	Rental of office	**308,114**	242,159	**-**	-
*	Rental of plant and equipment	**41,839**	34,900	**-**	-
*	Rental of premises	**124,089**	125,952	**33,468**	33,468
**	Staff cost	**111,457,157**	87,244,433	**306,486**	379,795
	After crediting:				
	Gain on changes in:				
	- fair value of foreign currency forward contracts	**6,908,611**	-	**-**	-
	- fair value of other investments	**12,467**	-	**-**	-
	Gain on disposal of:				
	- investment in a subsidiary	**-**	-	**5,929,367**	-
	- other investments	**17,796**	14,822	**-**	-
	- property, plant and equipment	**-**	57,995	**-**	-
	Gain on foreign exchange				
	- realised	**-**	239,528	**1,138,836**	187,167
	Rental income	**425,557**	316,096	**-**	-
	Waiver of debts	**-**	4,780,000	**-**	-

* The Group's and the Company's total cash outflows for leases during the financial year are amounted to **RM855,993 and RM33,468** (2022: RM755,289 and RM33,468) respectively.

** **Staff costs**

- Salaries, allowances, bonus, incentive and overtime	**91,126,238**	70,679,225	**262,827**	314,218
- Defined contribution plans ("EPF")	**9,801,778**	7,547,098	**30,950**	36,946
- Employment insurance ("EIS")	**80,523**	62,070	**119**	144
- Social security contributions ("SOCSO")	**1,576,118**	1,381,708	**1,783**	1,905
- Equity-settled ESS expenses	**8,872,500**	7,574,332	**10,807**	26,582
	111,457,157	87,244,433	**306,486**	379,795

28. **PROFIT BEFORE TAX** (CONT'D)

Included in the staff costs are Directors' emoluments as shown below:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Directors of the Company:				
Executive:				
- Salaries, allowances and bonus	**3,356,541**	3,066,908	**-**	-
- EPF	**634,691**	579,785	**-**	-
- Equity-settled ESS expenses	**144,702**	243,897	**-**	-
	4,135,934	3,890,590	**-**	-
Non-executive:				
- Salaries, allowances and bonus	**25,799**	22,099	**20,000**	16,500
Total	**4,161,733**	3,912,689	**20,000**	16,500
Represented by:				
Present directors				
- Executive	**4,135,934**	3,890,590	**-**	-
- Non-executive	**25,799**	22,099	**20,000**	16,500
	4,161,733	3,912,689	**20,000**	16,500
Directors of subsidiaries:				
Executive:				
- Salaries, allowances and bonus	**384,500**	355,650	**-**	-
- EPF	**46,136**	42,681	**-**	-
- Equity-settled ESS expenses	**37,004**	29,391	**-**	-
	467,640	427,722	**-**	-
Non-executive:				
- Allowances	**16,206**	15,622	**-**	-
	483,846	443,344	**-**	-

28. **PROFIT BEFORE TAX** (CONT'D)

Material accounting policy information

Equity-settled ESS expenses

A subsidiary of the Company operates an equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

For the share award scheme, the Group purchases its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were recorded as "Shares held for share award scheme" as a deduction under equity. Upon vesting of the awarded shares, the related costs of the purchased shares are reduced from the "Shares held for share award scheme", and the related fair value of the awarded shares are debited to share-based compensation reserve with the difference charged/credited to retained profits.

29. **TAXATION**

	GROUP		**COMPANY**	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Malaysia income tax:				
Based on results for the financial year				
- Current tax	**(3,059,103)**	(4,490,762)	-	-
- Deferred tax relating to the origination and reversal of temporary differences	**-**	316,293	-	-
	(3,059,103)	(4,174,469)	-	-
Over provision in prior year				
- Current tax	**494,204**	2,630,881	-	-
- Deferred tax	**1,612,296**	-	-	-
	2,106,500	2,630,881	-	-
	(952,603)	(1,543,588)	-	-

29. **TAXATION** (CONT'D)

The reconciliation of taxation of the Group and of the Company is as follows:

	GROUP		**COMPANY**	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Profit before tax	**141,426,186**	132,083,930	**19,940,468**	15,222,354
Share of (profit)/loss of associates	**(39,365)**	1,635,182	**-**	-
	141,386,821	133,719,112	**19,940,468**	15,222,354
Income tax at Malaysian statutory tax rate of 24%	**(33,932,837)**	(32,092,587)	**(4,785,712)**	(3,653,365)
Income not subject to tax	**3,395,169**	2,914,649	**6,367,251**	4,672,770
Effect of difference tax rates in foreign jurisdiction [(ii)]	**172,958**	(472,301)	**-**	-
Exempt pioneer income[(i)]	**32,386,687**	31,012,930	**-**	-
Expenses not deductible for tax purposes	**(7,403,488)**	(5,005,949)	**(1,581,539)**	(1,019,405)
Deferred tax movement not recognised	**1,786,000**	(3,070,000)	**-**	-
Utilisation of deferred tax assets previously not recognised	**536,408**	2,001,357	**-**	-
Annual crystallisation of deferred tax on technical know-how	**-**	537,432	**-**	-
	(3,059,103)	(4,174,469)	**-**	-
Over provision in prior year	**2,106,500**	2,630,881	**-**	-
	(952,603)	(1,543,588)	**-**	-

(i) Certain subsidiaries of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority which exempts 100% of statutory income in relation to production of certain products.

(ii) Taxation for other jurisdiction is calculated at the rate prevailing in respective jurisdiction.

30. EARNINGS PER SHARE

GROUP

(a) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2023	2022
Profit attributable to owners of the Company (RM)	**89,127,479**	82,418,671
Weighted average number of ordinary shares	**711,317,121**	711,565,346
Basic earnings per share (sen)	**12.53**	11.58

(b) **Diluted**

There is no dilutive potential ordinary shares outstanding during the current and previous financial year.

31. DIVIDEND

	GROUP AND COMPANY	
	2023	2022
	RM	RM
In respect of financial year ended 31 December 2022:		
- A single tier dividend of 2.0 sen per ordinary share declared on 23 February 2023 and paid on 28 July 2023	**14,226,342**	-
In respect of financial year ended 31 December 2021:		
- A single tier dividend of 2.0 sen per ordinary share declared on 24 February 2022 and paid on 22 July 2022	**-**	14,226,342
	14,226,342	14,226,342

32. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Company has related party relationship with its subsidiaries, associates, key management personnel and the following parties:

Related party	Relationship
Maarij Development Sdn. Bhd.	A company in which a director of a subsidiary has substantial financial interest.
Pingspace Sdn. Bhd. ("Pingspace")	A company in which a person connected to a director of the Company, Mr. Chuah Choon Bin, has substantial financial interest.

(ii) Related party transactions

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Transactions with an associate:				
Purchases	**(7,708,887)**	(2,757,170)	**-**	-
Transactions with related party:				
Investment in unquoted shares	**-**	(5,000,000)	**-**	-
Rental income	**36,000**	36,000	**-**	-
Sale of goods	**38,000**	-	**-**	-
Transactions with subsidiaries:				
- Dividend income	**-**	-	**17,608,221**	17,191,095
- Rental expenses	**-**	-	**(33,468)**	(33,468)
- Net advances	**-**	-	**2,564,757**	13,586,686

(iii) Compensation of key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly. The remuneration of key management personnel during the financial year is as follows:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Salaries, allowances and bonus	**11,820,908**	10,308,366	**20,000**	16,500
EPF	**1,609,645**	1,416,707	**-**	-
Benefits-in-kind	**15,500**	28,000	**-**	-
Directors' fee	**791,574**	731,839	**275,880**	232,320
Equity-settled ESS expenses	**1,847,138**	1,501,293	**-**	-
	16,084,765	13,986,205	**295,880**	248,820
Analysed as:				
- Directors	**5,452,653**	5,115,872	**295,880**	248,820
- Other key management personnel	**10,632,112**	8,870,333	**-**	-
	16,084,765	13,986,205	**295,880**	248,820

33. **CAPITAL COMMITMENT**

	GROUP	
	2023	2022
	RM	RM
Contracted but not provided for:		
- Construction of factory	**144,102,091**	32,022,727
- Machineries and equipment	**3,843,090**	21,951,150
	147,945,181	53,973,877

34. **SEGMENTAL INFORMATION**

Segmental information is presented in respect of the Group's business and geographical segments.

(i) **Business segments**

The Group has three reportable segments which comprised its major business segments. These business segments are involved in different activities and are managed by segment managers who report directly to the Group's executive directors. The reportable segments are as follows:

- Automated Test Equipment
  - Designing, development and manufacturing of standard and non-standard automated equipment.
- Factory Automation Solutions
  - Designing, development and installation of integrated automated manufacturing solutions.
- Smart Control Solution System
  - Project management, smart building solutions and trading of materials.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

No other operating segments have been aggregated to form the above reportable segments. Investment holding activities are not considered as reporting segment and the related financial information has been included under "Adjustment".

The Board of Directors monitors the performance of the business segments through regular discussions held with the segment managers and reviews of internal management reports. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

34. **SEGMENTAL INFORMATION** (CONT'D)

(i) **Business segments** (Cont'd)

	Automated Test Equipment RM	Factory Automation Solutions RM	Smart Control Solution System RM	Adjustment RM	Note	Total RM
2023						
Revenue						
External customers	452,253,971	239,596,181	93,910			691,944,062
Inter-segment revenue	537,716	15,942,546	674,114	(17,154,376)	A	-
Total revenue	452,791,687	255,538,727	768,024			691,944,062
Results						
Segment results	99,897,610	52,662,408	(3,171,145)	(20,965,457)		128,423,416
Finance income	9,101,530	861,543	-	3,000,332		12,963,405
Share of profit of associates	-	-	-	39,365		39,365
Profit before tax	108,999,140	53,523,951	(3,171,145)			141,426,186
Taxation	(2,363,585)	1,490,261	(76,872)	(2,407)		(952,603)
Profit for the financial year	106,635,555	55,014,212	(3,248,017)			140,473,583
Assets						
Segment assets	562,989,142	334,906,658	26,465,971	(124,958,302)		799,403,469
Investment in associates	-	-	-	17,577,679		17,577,679
Other investments	-	-	-	10,038,906		10,038,906
Cash and cash equivalents	347,668,518	39,257,784	2,413,041	101,530,484		490,869,827
Total assets	910,657,660	374,164,442	28,879,012			1,317,889,881
Liabilities						
Segment liabilities	256,046,019	196,585,564	36,926,954	(179,433,344)		310,125,193
Deferred tax liabilities	-	2,149,728	-	-		2,149,728
Tax payable	53,055	3,782	-	168		57,005
Total liabilities	256,099,074	198,739,074	36,926,954			312,331,926
Other information						
Addition to non-current assets	2,919,470	91,206,692	1,103	38,519,572	B	132,646,837
Depreciation and amortisation	6,635,111	3,517,704	2,104,739	5,477,407		17,734,961
Non-cash items other than depreciation and amortisation	(3,100,655)	(2,829,899)	107	9,541,839	C	3,611,392

34. **SEGMENTAL INFORMATION** (CONT'D)

(i) **Business segments** (Cont'd)

	Automated Test Equipment RM	Factory Automation Solutions RM	Smart Control Solution System RM	Adjustment RM	Note	Total RM
2022						
Revenue						
External customers	420,715,714	179,871,273	-			600,586,987
Inter-segment revenue	2,963,825	2,806,443	449,750	(6,220,018)	A	-
Total revenue	423,679,539	182,677,716	449,750			600,586,987
Results						
Segment results	96,832,114	48,926,346	(3,177,354)	(16,298,368)		126,282,738
Finance costs	(87,181)	-	-	-		(87,181)
Finance income	4,787,499	415,540	13,159	2,307,357		7,523,555
Share of loss of associates	-	-	-	(1,635,182)		(1,635,182)
Profit before tax	101,532,432	49,341,886	(3,164,195)			132,083,930
Taxation	(1,893,798)	(99,790)	(84,835)	534,835		(1,543,588)
Profit for the financial year	99,638,634	49,242,096	(3,249,030)			130,540,342
Assets						
Segment assets	574,522,336	195,558,573	28,873,129	(88,416,063)		710,537,975
Investment in associates	-	-	-	20,071,194		20,071,194
Other investments	-	-	-	6,335,031		6,335,031
Cash and cash equivalents	266,907,803	58,389,278	2,641,748	93,286,333		421,225,162
Total assets	841,430,139	253,947,851	31,514,877			1,158,169,362
Liabilities						
Segment liabilities	226,264,537	129,539,937	36,314,802	(131,365,128)		260,754,148
Deferred tax liabilities	-	3,762,024	-	-		3,762,024
Tax payable	900,341	11,962	-	49		912,352
Total liabilities	227,164,878	133,313,923	36,314,802			265,428,524
Other information						
Addition to non-current assets	2,968,181	11,744,561	3,652,326	29,953,028	B	48,318,096
Depreciation and amortisation	3,726,955	3,216,281	2,108,001	1,630,396		10,681,633
Non-cash items other than depreciation and amortisation	7,193,457	(7,945,222)	-	9,216,933	C	8,465,168

34. **SEGMENTAL INFORMATION** (CONT'D)

(i) **Business segments** (Cont'd)

Notes to segment information:

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of property, plant and equipment, intangible assets, other investments, investment in associates and investment properties.

C Other non-cash items other than depreciation and amortisation consist of the following items:

	GROUP	
	2023	2022
	RM	RM
Changes in fair value of foreign currency forward contracts	**(6,908,611)**	7,604,095
Equity-settled ESS expenses	**8,872,500**	7,574,332
Expected credit loss on receivables - current year	**485,786**	1,909,982
- reversal	**(1,627,014)**	(6,708,306)
(Gain)/Loss on changes in fair value of other investments	**(12,467)**	15,775
Gain on disposal of other investments	**(17,796)**	(14,822)
Gain on disposal of property, plant and equipment	**-**	(57,995)
Intangible assets written off	**2,997**	-
Inventories written down - addition	**869,478**	244,748
- reversal	**(214,096)**	(102,269)
Loss on disposal of interest in an associate	**25,526**	-
Property, plant and equipment written off	**4,257**	38
Provision for warranty - current year	**2,499,289**	1,515,000
- reversal	**(1,515,000)**	(1,256,000)
Share of (profit)/loss of associates	**(39,365)**	1,635,182
Unrealised loss on foreign exchange	**1,185,908**	885,408
Waiver of debts	**-**	(4,780,000)
	3,611,392	8,465,168

34. **SEGMENTAL INFORMATION** (CONT'D)

(ii) **Geographical Information**

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-Current Assets	
	2023	2022	**2023**	2022
	RM	RM	**RM**	RM
Malaysia	**208,426,688**	139,990,347	**389,494,914**	263,567,011
PRC (including Hong Kong)	**142,977,832**	202,487,580	**603,823**	517,084
United States of America	**102,172,239**	61,640,579	**3**	8,757
Vietnam	**69,362,304**	40,281,879	**-**	-
Belize	**55,127,117**	34,621,377	**-**	-
Taiwan	**28,081,266**	24,250,704	**-**	-
Japan	**23,067,529**	28,711,835	**61,566**	86,433
Singapore	**22,700,552**	34,955,054	**-**	-
Republic of Ireland	**18,007,304**	10,810,803	**-**	-
France	**8,613,959**	-	**-**	-
Others	**13,407,272**	22,836,829	**48,660**	-
	691,944,062	600,586,987	**390,208,966**	264,179,285

(iii) **Information about major customers**

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

	Revenue		Segment
	2023	2022	
	RM	RM	
All common control companies of:			
Customer A	**99,311,844**	93,544,053	**ATE***
Customer B	**92,195,330**	#	**FAS****
Customer C	**79,685,780**	#	**ATE***
	271,192,954	93,544,053	

* ATE represents automated test equipment segment.
** FAS represents factory automation solutions segment.

\# Revenue from these customers during the respective year did not exceed 10% of the Group's revenue.

A customer is defined as a company or a group of companies having the same ultimate holding company.

35. FINANCIAL INSTRUMENTS

35.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"), FVTPL and FVOCI.

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
2023				
GROUP				
Financial assets				
Investment in RCPS of an associate	**15,500,000**	**-**	**15,500,000**	**-**
Trade receivables	**196,289,435**	**196,289,435**	**-**	**-**
Other receivables and refundable deposits	**31,355,762**	**31,355,762**	**-**	**-**
Derivative financial assets	**2,384,171**	**-**	**2,384,171**	**-**
Other investments	**10,038,906**	**-**	**170,597**	**9,868,309**
Cash and cash equivalents	**490,869,827**	**490,869,827**	**-**	**-**
	746,438,101	**718,515,024**	**18,054,768**	**9,868,309**
Financial liabilities				
Trade payables	**118,029,653**	**118,029,653**	**-**	**-**
Other payables and accruals	**48,631,901**	**48,631,901**	**-**	**-**
Derivative financial liabilities	**1,833,238**	**-**	**1,833,238**	**-**
	168,494,792	**166,661,554**	**1,833,238**	**-**
COMPANY				
Financial assets				
Other receivables and refundable deposits	**36,466**	**36,466**	**-**	**-**
Inter-company balances	**57,968,191**	**57,968,191**	**-**	**-**
Cash and cash equivalents	**92,599,175**	**92,599,175**	**-**	**-**
	150,603,832	**150,603,832**	**-**	**-**
Financial liabilities				
Other payables and accruals	**481,199**	**481,199**	**-**	**-**
Inter-company balances	**3,886**	**3,886**	**-**	**-**
	485,085	**485,085**	**-**	**-**

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.1 **Categories of financial instruments** (Cont'd)

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"), FVTPL and FVOCI. (cont'd)

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
2022				
GROUP				
Financial assets				
Investment in RCPS of an associate	18,000,000	-	18,000,000	-
Trade receivables	237,925,562	237,925,562	-	-
Other receivables and refundable deposits	32,015,809	32,015,809	-	-
Derivative financial assets	489,010	-	489,010	-
Other investments	6,335,031	-	218,310	6,116,721
Cash and cash equivalents	421,225,162	421,225,162	-	-
	715,990,574	691,166,533	18,707,320	6,116,721
Financial liabilities				
Trade payables	121,527,618	121,527,618	-	-
Other payables and accruals	30,266,876	30,266,876	-	-
Derivative financial liabilities	6,846,688	-	6,846,688	-
	158,641,182	151,794,494	6,846,688	-
COMPANY				
Financial assets				
Other receivables and refundable deposits	337,279	337,279	-	-
Inter-company balances	60,555,530	60,555,530	-	-
Cash and cash equivalents	89,910,083	89,910,083	-	-
	150,802,892	150,802,892	-	-
Financial liabilities				
Other payables and accruals	399,243	399,243	-	-
Inter-company balances	6,280	6,280	-	-
	405,523	405,523	-	-

35.2 **Financial risk management**

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency exchange risk and equity price risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.3 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade and other receivables whilst the Company's exposure to credit risk arises principally from advances to its subsidiaries.

35.3.1 **Receivables**

Trade receivables

Credit risk arising from trade customers is addressed by the application of credit evaluation and close monitoring procedures by the management. The Group extends to existing customers credit terms that range between **30 to 120 days** (2022: 30 to 120 days). In deciding whether credit terms shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness.

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

In addition, the Group assesses ECL under MFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past 5 years as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The Group applies the MFRS 9 simplified approach to measuring ECL, which uses a lifetime ECL for all trade receivables using a provision matrix. The ECL rate of collectively assessed trade receivables that were neither past due nor impaired is **0.00%** (2022: 0.00%), past due between 0 to 30 days is ranged from **0.00% to 0.74%** (2022: 0.25% to 1.13%), past due between 31 to 90 days is ranged from **0.04% to 1.82%** (2022: 0.11% to 0.91%), past due between 91 to 365 days is ranged from **0.27% to 9.61%** (2022: 0.85% to 3.98%). The Group's ECL allowance computed using provision matrix is not material thus was not provided for, however the Group had individually impaired trade receivables amounted to **RM485,786** (2022: RM1,909,982) for the financial year in view that these debts are due more than one year and collection is remote.

It is inherent in the Group's business to make individually large sales to its customers that may lead to significant concentration of credit risks. Such risks are managed by ensuring that transactions are only carried out with customers with a reliable financial profile.

The following provides an analysis of the concentration of credit risk in trade receivables:

	GROUP	
	2023	2022
	%	%
Customers with debts of RM10,000,000 and above	**50**	52
Customers with debts of less than RM10,000,000	**50**	48
	100	100

Customers with debts of RM10,000,000 and above were due from **5 customers** (2022: 5 customers).

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.3 **Credit risk** (Cont'd)

35.3.1 **Receivables** (Cont'd)

The maximum exposure to credit risk arising from trade receivables is represented by their carrying amount in the statement of financial position of the Group.

The ageing of trade receivables of the Group is as follows:

	Gross RM	Expected credit loss RM	Net RM
2023			
Not past due	**98,683,159**	**(33,426)**	**98,649,733**
1 to 30 days past due	**15,400,096**	**(33,779)**	**15,366,317**
31 to 120 days past due	**49,830,099**	**(298,711)**	**49,531,388**
Past due more than 120 days	**33,975,449**	**(1,233,452)**	**32,741,997**
	99,205,644	**(1,565,942)**	**97,639,702**
Individually impaired	**594,459**	**(594,459)**	**-**
	198,483,262	**(2,193,827)**	**196,289,435**
2022			
Not past due	113,469,119	-	113,469,119
1 to 30 days past due	10,113,627	-	10,113,627
31 to 120 days past due	63,256,957	(787,996)	62,468,961
Past due more than 120 days	52,803,934	(930,079)	51,873,855
	126,174,518	(1,718,075)	124,456,443
Individually impaired	1,578,546	(1,578,546)	-
	241,222,183	(3,296,621)	237,925,562

Other receivables

The Group finances the property development project in which it is managing as part of the project financing and management agreement entered into between one of the Company's subsidiary and the developer. The outstanding balance financed is exposed to credit risk with the maximum exposure being represented by the carrying amount as disclosed in Note 11 to the financial statements.

The credit risk exposure is mitigated as the provisions of the agreement entered with the developer allows the subsidiary to be entitled to purchase or sell on behalf of the developer, certain units of the development project at a price substantially below the launching or market price to settle the outstanding advances and if such sale proceeds are insufficient to settle the outstanding amount, the subsidiary shall cause the developer to sell a property belonging to the developer at a reserved price and such proceeds are to be used to settle the remaining outstanding amount.

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.3 **Credit risk** (Cont'd)

35.3.2 **Intercompany balances**

The Company provides advances to its subsidiaries and monitors the result of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statement of financial position of the Company.

As at the end of the reporting period, an impairment loss of **RM5,116,234** (2022: RM2,481,633) has been recognised in the statement of comprehensive income of the Company due to the subsidiaries are not able to pay when demanded.

35.4 **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company actively manage its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by maintaining credit facilities with its banker.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	**Contractual cash flows RM**	**Within one year RM**	**More than one year and less than two years RM**
GROUP				
2023				
Trade payables	**118,029,653**	**118,029,653**	**118,029,653**	**-**
Other payables and accruals	**48,631,901**	**48,631,901**	**41,914,632**	**6,717,269**
Derivatives financial liabilities	**1,833,238**	**1,833,238**	**1,833,238**	**-**
	168,494,792	**168,494,792**	**161,777,523**	**6,717,269**
2022				
Trade payables	121,527,618	121,527,618	121,527,618	-
Other payables and accruals	30,266,876	30,266,876	30,266,876	-
Derivatives financial liabilities	6,846,688	6,846,688	6,846,688	-
	158,641,182	158,641,182	158,641,182	-

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.4 **Liquidity risk** (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM
COMPANY				
2023				
Other payables and accruals	**481,199**	**481,199**	**481,199**	**-**
Inter-company balances	**3,886**	**3,886**	**3,886**	**-**
	485,085	**485,085**	**485,085**	**-**
2022				
Other payables and accruals	399,243	399,243	399,243	-
Inter-company balances	6,280	6,280	6,280	-
	405,523	405,523	405,523	-

35.5 **Interest rate risk**

The Group's floating rate instrument is exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amounts as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	**2023 RM**	2022 RM
Floating rate instruments				
Financial assets	**360,071,524**	299,999,891	**85,012,094**	89,359,058

Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 25 basis points would have increased the profit before tax and equity of the Group and the Company by the amount shown below and a corresponding decrease would have an equal but opposite effect:

	GROUP		COMPANY	
	2023 RM	2022 RM	**2023 RM**	2022 RM
Increase in profit before tax	**900,179**	750,000	**212,530**	223,000
Increase in equity	**900,179**	750,000	**212,530**	223,000

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.6 Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities whereby sales and purchases that are principally transacted in United States Dollar ("USD"), Chinese Renminbi ("RMB") and Euro. The Group also holds cash and bank balances denominated in RMB, USD, Hong Kong Dollar ("HKD") and Euro for working capital purposes. The Group mitigates the exposure to this risk by maintaining USD, RMB and Euro denominated bank accounts and entering into foreign currency forward contracts.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the various foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax and equity. A 5% strengthening of the RM against the following currencies at the end of the reporting period would decrease the Group's profit before tax and equity by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis confines to the carrying amounts of financial assets and liabilities denominated in the following currencies as at the end of the reporting period and assumes that all other variables remain constant.

	GROUP			
	2023		2022	
	Equity RM	**Profit before tax RM**	Equity RM	Profit before tax RM
USD	**(4,877,726)**	**(6,418,061)**	(6,221,898)	(8,186,708)
RMB	**(2,124,272)**	**(2,795,095)**	(1,992,796)	(2,414,240)
Euro	**1,066,838**	**1,403,734**	(27,058)	(35,602)
HKD	**(987,814)**	**(1,299,756)**	(20,323)	(26,741)
Japanese Yen	**(3,837)**	**(5,049)**	(9,087)	-
	(6,926,811)	**(9,114,227)**	(8,271,162)	(10,663,291)

35.7 Equity price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial assets designated at FVTPL and FVOCI will fluctuate because of changes in market prices. Equity price risk arises from the Group's investment in RCPS in an associate and other investments.

Management of the Group monitors these equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Sensitivity analysis for equity price risk

As at the end of the reporting period, if the prices of the investment in RCPS and other investments have been 5% higher/lower, with all other variables held constant, the Group's profit before tax and equity would have been **RM783,530** (2022: RM910,915) and **RM1,276,945** (2022: RM1,216,752) higher/lower respectively, arising as a result of higher/lower fair value gain on investments in RCPS and other investments.

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.8 **Fair value information**

The carrying amounts of financial assets and financial liabilities (other than those disclosed below) of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Fair value hierarchy

The table below analyses 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.

GROUP

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Assets				
Investment in quoted shares	**170,597**	**-**	**-**	**170,597**
Forward contract *(assets)*	**-**	**2,384,171**	**-**	**2,384,171**
Investment in RCPS	**-**	**-**	**15,500,000**	**15,500,000**
Investments in unquoted shares	**-**	**4,868,309**	**5,000,000**	**9,868,309**
Investment properties	**-**	**24,013,000**	**-**	**24,013,000**
	170,597	**31,265,480**	**20,500,000**	**51,936,077**
Liability				
Forward contract *(liabilities)*	**-**	**1,833,238**	**-**	**1,833,238**
2022				
Assets				
Investment in quoted shares	218,310	-	-	218,310
Forward contract *(assets)*	-	489,010	-	489,010
Investment in RCPS	-	-	18,000,000	18,000,000
Investments in unquoted shares	-	1,116,721	5,000,000	6,116,721
Investment properties	-	23,603,000	-	23,603,000
	218,310	25,208,731	23,000,000	48,427,041
Liability				
Forward contract *(liabilities)*	-	6,846,688	-	6,846,688

There were no transfers between Level 1 and Level 2 during the financial year ended 31 December 2023 and 2022.

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.

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.8 **Fair value information** (Cont'd)

Fair value measurement

Investment in quoted shares

Fair value of the quoted shares is determined by reference to published price quoted in an active market.

Forward contract

The derivative financial assets and liabilities arising from the fair value changes on the foreign currency forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate.

Investment in RCPS of PAC

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of investment in RCPS is determined using the price/book ratio of comparable listed companies adjusted for lack of marketability discount.	- Discount of lack of marketability at **15.00%** (2022: 15.80%)	An increase in the discount for lack of marketability would decrease the fair value.

As at 31 December 2023, it is estimated that with all other variables held constant, an increase/decrease in the discount of lack of marketability by **10%** (2022: 10%) would decrease /increase the Group's profit or loss by **RM1,713,000/RM1,713,000** (2022: RM1,416,000/RM1,416,000).

Investments in unquoted shares

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of investment is determined using the income approach by way of discounted cash flows valuation analysis.	- Weighted average cost of capital ("WACC") at **8.6%** - Discount of lack of marketability at **60%** - Discount for uncertainty of projections at **20%**	An increase in the WACC, discount of lack of marketability and discount for uncertainty of projections would decrease the fair value.

As at 31 December 2023, it is estimated that with all other variables held constant, an increase/decrease the WACC by **0.4%** would decrease/increase the Group's total comprehensive income by **(RM397,000)/RM654,000** (2022: RM651,000/RM669,000).

Investment properties

The fair value for investment properties for disclosure purposes is categorised under Level 2 of the fair value hierarchy. The fair value is derived based on appraisal performed by independent professional valuers using the market comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, age and condition of the building. The most significant input into this valuation approach is the price per square metre ("sqm") of comparable properties.

35. **FINANCIAL INSTRUMENTS** (CONT'D)

35.8 **Fair value information** (Cont'd)

Description of valuation techniques used and key inputs to valuation of investment properties:

Valuation techniques	Significant unobservable inputs	Range
2023		
Market comparison method	Difference in location, size, shape of the building, age and condition of the building, tenure, accessibility, title restrictions and facilities	RM5,800 per sqm to RM6,400 per sqm
2022		
Market comparison method	Difference in location, size, shape of the building, age and condition of the building, tenure, accessibility, title restrictions and facilities	RM5,800 per sqm to RM6,400 per sqm

36. **CAPITAL MANAGEMENT**

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its business and to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and of the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to its shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

There were no changes in the Group's approach to capital management as compared to the previous year and the Group is not subject to any externally imposed capital requirements by its lenders.

37. **SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR**

(i) **Proposed subscription of new shares in Everready Precision Industrial Corp, Taiwan, Republic of China ("EPIC")**

On 20 April 2022, PIL, a subsidiary of the Company, has entered into a Share Conversion Letter of Undertaking ("SCL") with EPIC**,** and AHEAD Optoelectronics, Inc., Taiwan, Republic of China ("AHEAD") to subscribe for 16,614,507 new fully paid-up ordinary shares (equivalent to 29.9% equity interest) in EPIC. Prior to the execution of the SCL, PIL has signed a letter of loan conversion and share subscription to convert PIL's receivable from EPIC into newly issued ordinary shares in EPIC as at 31 December 2021. The subscription amount of USD6,776,733 (approximately RM28,225,0000) has been recorded as investment deposits under other receivables in Note 11 to the financial statements.

37. **SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR** (CONT'D)

(i) **Proposed subscription of new shares in Everready Precision Industrial Corp, Taiwan, Republic of China ("EPIC")** (Cont'd)

On 6 May 2022, an Assignment Agreement has been entered between PIL, PB, a subsidiary of the Company, and EPIC that all the rights and obligations of PIL in the investment deposits were assigned to PB at USD6,776,733.

On 4 July 2022, PB has proceeded to convert the investment deposits to subscription for 16,614,507 new fully paid-up ordinary shares in EPIC representing 29.9% of the enlarged equity interest in EPIC for a total consideration of USD6,776,733 (approximately equivalent to RM29,885,393) at an exchange rate of USD1 : RM4.4100) subject to approval from the relevant authorities in Taiwan and completion of certain condition precedent.

On 15 March 2023, the Board of Directors of the Company has announced that PB has elected to withdraw from the Proposed Subscription and PB will pursue for the return of the investment sum of USD6,776,733 from EPIC. This is mainly due to a change in strategic decision to enter into the Taiwan market on its own or with another strategic partner, taking into consideration the economic and industry trend that is more in line with the Group's immediate business plan.

(ii) **Disposal of an associate, RGA**

On 13 March 2023, the Company has disposed of its entire equity interests, which representing 6.67% of effective equity interests, in RGA for a total cash consideration of RM7,009. The disposal was completed on 27 November 2023.

(iii) **Incorporation of Pentamaster Automation (Germany) GmbH ("PAG")**

On 29 March 2023, PT, a subsidiary of the Company has incorporated a wholly foreign-owned subsidiary, PAG, in Germany with an issued and paid-up share capital of Euro 25,000. The principal activities of PAG are design and development, production and sales of automated test equipment, factory automation system and other handling solutions as well as providing technical consulting services and other related support services.

(iv) **Incorporation of Pentamaster Eva Sdn. Bhd. ("EVA")**

On 29 March 2024, PQ, a subsidiary of the Company, subscribed to 85 shares in a newly incorporated subsidiary, EVA, for a total consideration of RM85. PQ held an 85% equity interest in EVA. The principal activities of EVA are equipment design, project management, manufacturing and production of automation solutions specifically for automotive and aerospace industry.

List of Landed Properties

Location of Landed Properties	Date of Acquisition	Description and Existing Use	Tenure	Land Area	Approximate Age of Building	Net Book Value as at 31 December 2023 (RM)
H.S. (D) 19135 & H.S.(D) 19121, Mukim of 12 South West District, Plot 18 & Plot 19, Bayan Lepas Technoplex, Penang, Malaysia	23/12/2000 and 21/3/2001 respectively	Industrial lot / factory building and office building	Leasehold (60 years expiring on 1/7/2062 and 21/7/2062 respectively)	4.03 acres	20 years	50,226,494
H.S. (D) 47991, PT 5917, Mukim of 13, District of Seberang Perai Selatan, 749, Persiaran Cassia Selatan 4, Taman Perindustrian Batu Kawan, Simpant Ampat, Penang, Malaysia	19/3/2015	Industrial lot / factory building and office building	Leasehold (60 years expiring on 6/12/2075)	3.23 acres	9 years	30,242,375
Plot 1(b), PT 4083, Mukim 13 District of Seberang Perai Selatan, Penang, Malaysia	3/11/2021	Industrial lot	Leasehold (60 years expiring on 28/4/2083)	11.80 acres		28,004,367

Analysis of Shareholdings

AS AT 1 APRIL 2024

Issued Share Capital	:	711,317,121* Ordinary Shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	One vote per Share

** Excluding a total of 1,000,000 Shares retained as treasury shares*

Distribution Schedule of Shareholders

No. of Holders	Size of Shareholdings	No. of Issued Shares	% [1]
1,036	Less than 100 shares	48,942	0.01
3,416	100 – 1,000 shares	2,099,881	0.29
4,577	1,001 – 10,000 shares	17,480,933	2.46
1,408	10,001 - 100,000 shares	42,234,772	5.94
402	100,001 to less than 5% of issued shares	509,532,473	71.63
1	5% and above of issued shares	139,920,120	19.67
10,840	**Total**	**711,317,121**	**100.00**

Note:

[1] *Excluding a total of 1,000,000 Shares retained as treasury shares*

30 Largest Securities Account Holders
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	% [1]
1	HSBC NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)*	139,920,120	19.67
2	LEMBAGA TABUNG HAJI	33,386,200	4.69
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	31,125,475	4.38
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (NOMURA)*	21,239,200	2.99
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR AIA BHD.*	20,058,900	2.82
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR RESOLUTE ACCOMPLISHMENT SDN BHD*	18,955,608	2.66
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHONG EWE*	15,000,000	2.11
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUAH CHONG EWE*	13,765,053	1.94
9	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT TREASURES FUND*	9,948,700	1.40
10	PERMODALAN NASIONAL BERHAD	9,413,100	1.32

Analysis of Shareholdings

AS AT 1 APRIL 2024

30 Largest Securities Account Holders (cont'd)

(without aggregating the securities from different securities accounts belonging to the same person) (cont'd)

No.	Name	No. of Shares held	% [(1)]
11	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)*	8,963,150	1.26
12	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC DIVIDEND FUND*	8,035,500	1.13
13	HSBC NOMINEES (ASING) SDN BHD *JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND*	7,969,850	1.12
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)*	7,905,900	1.11
15	HSBC NOMINEES (ASING) SDN BHD *JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND*	7,735,550	1.09
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *URUSHARTA JAMAAH SDN. BHD. (2)*	6,553,100	0.92
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)*	6,105,800	0.86
18	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR NORGES BANK (FI 17)*	5,683,000	0.80
19	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)*	5,677,350	0.80
20	PERTUBUHAN KESELAMATAN SOSIAL *PKSACT41969 P2*	4,865,700	0.68
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)*	4,518,750	0.64
22	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI EQUITY GROWTH FUND*	4,167,500	0.59
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIERRA BONUS SDN BHD*	3,974,550	0.56
24	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM BUMIPUTERA 3 - DIDIK*	3,919,500	0.55
25	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)*	3,717,644	0.52
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)*	3,703,600	0.52
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)*	3,697,300	0.52
28	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUAH CHONG EWE (SMART)*	3,648,430	0.51
29	HSBC NOMINEES (ASING) SDN BHD *JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II*	3,644,800	0.51
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (BNP NAJMAH EQ)*	3,400,100	0.48

Analysis of Shareholdings
AS AT 1 APRIL 2024

Directors' Shareholdings based on Register of Director's Shareholdings (Direct & Indirect)

a) In the Company

	No. of Shares beneficially held			
Name of Directors	**Direct**	**% [(1)]**	**Indirect**	**% [(1)]**
CHUAH CHOON BIN	140,420,120	19.74	138,510[(2)]	0.02
GAN PEI JOO	50,486	0.01	-	-
DATO' LOH NAM HOOI	437,400	0.06	-	-
LENG KEAN YONG	55,000	0.01	-	-
LEE KEAN CHEONG	10,000	-[(3)]	-	-
ROSLINDA BINTI AHMAD	-	-	-	-

Note:
[(1)] *Excluding a total of 1,000,000 Shares retained as treasury shares*
[(2)] *Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Act*
[(3)] *Negligible*

b) In related Corporation

Pentamaster International Limited

	No. of Shares beneficially held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
CHUAH CHOON BIN	26,611,200	1.11	-	-
GAN PEI JOO [(1)]	8,403,544	0.35	-	-
DATO' LOH NAM HOOI	1,012,000	0.04	-	-
LENG KEAN YONG	250,000	0.01	-	-

Note:
[(1)] *Includes Ms. Gan Pei Joo's entitlement to receive up to 283,334 shares pursuant to the vesting of the award shares granted to her under the Scheme, subject to the conditions (including vesting conditions) of those award shares*

None of the other Directors have any interest in the shares of related corporations as at 1 April 2024.

Substantial Shareholders' Shareholdings based on Register of Substantial Shareholder

	No. of Shares beneficially held			
Name of Substantial Shareholders	**Direct**	**% [(1)]**	**Indirect**	**% [(1)]**
CHUAH CHOON BIN	140,420,120	19.74	138,510[(2)]	0.02
EMPLOYEES PROVIDENT FUND BOARD	-	-	61,502,767[(3)]	8.65
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	31,145,475	4.38	12,622,500[(4)]	1.77
LEMBAGA TABUNG HAJI	33,386,200	4.69	2,574,300[(5)]	0.36
CHUAH CHONG EWE	17,583,483	2.47	35,896,650[(6)]	3.83

Notes:
[(1)] *Exclude 1,000,000 Shares which are currently held as treasury shares.*
[(2)] *Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Act*
[(3)] *Shares held by Citigroup Nominees (Tempatan) Sdn. Bhd.*
[(4)] *Shares held by Kumpulan Wang Persaraan (Diperbadankan) (Fund Managers)*
[(5)] *Shares held by Lembaga Tabung Haji*
[(6)] *Deemed interested by virtue of his indirect shareholding in Resolute Accomplishment Sdn Bhd (20,440,150 ordinary shares – 1.66%) and Triumphant View Sdn. Bhd. (15,456,500 ordinary shares – 2.17%) pursuant to Section 8(4) of the Act*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty Second Annual General Meeting of Pentamaster Corporation Berhad will be held at Level 4, Jadeite Function Room, Amari SPICE Penang, 2, Persiaran Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang on Friday, 7 June 2024 at 10:30 a.m. for the following purposes:

AS ORDINARY BUSINESSES

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. — Please refer to Note 3

2. To approve the payment of a final single tier dividend of 2 sen per share for the financial year ended 31 December 2023. — Ordinary Resolution 1

3. To approve the payment of Directors' fees amounting to:

   (a) RM275,880 to Directors of the Company for the financial year ended 31 December 2023; and — Ordinary Resolution 2

   (b) HKD930,006 (approximately RM560,000 equivalent) per annum to Directors of the subsidiary company commencing from the financial year ending 31 December 2024 and that such fees to the Directors of the subsidiary company shall continue until otherwise resolved. — Ordinary Resolution 3

4. To approve the payment of benefits of up to:

   (a) RM35,000 to the Non-Executive Directors of the Company from 8 June 2024 until the next annual general meeting of the Company; and — Ordinary Resolution 4

   (b) RM35,000 to the Non-Executive Directors of the subsidiary company from 8 June 2024 until the next annual general meeting of the Company. — Ordinary Resolution 5

5. To consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions:

   (a) "THAT Dato' Loh Nam Hooi, who retires pursuant to Clause 109(a) and (b) of the Company's Constitution, be and is hereby re-elected as a Director of the Company." — Ordinary Resolution 6

   (b) "THAT Ms. Gan Pei Joo, who retires pursuant to Clause 109(a) and (b) of the Company's Constitution, be and is hereby re-elected as a Director of the Company." — Ordinary Resolution 7

6. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — Ordinary Resolution 8

AS SPECIAL BUSINESSES

7. To consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions:

Proposed power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

(a) "THAT subject always to the Companies Act 2016 ("Act"), Constitution of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier. **Ordinary Resolution 9**

AND THAT pursuant to Section 85 of the Act read together with Clause 67 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act."

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

(b) "THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions as detailed in Section 2.2(b) of the Company's Circular to Shareholders dated 29 April 2024 ("Said Circular") involving the interests of Directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("Related Parties") as detailed therein provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business and are made on an arm's length basis on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. **Ordinary Resolution 10**

(the "Proposed Renewal of Shareholders' Mandate for RRPT").

THAT the Proposed Renewal of Shareholders' Mandate for RRPT is subject to annual renewal and shall continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to give effect to the Proposed Renewal of Shareholders' Mandate for RRPT."

Proposed renewal of shareholders' mandate for purchase by the Company of its own shares of up to ten percent (10%) of its total number of issued shares

(c) "THAT, subject to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares ("Shares") in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors of the Company may deem fit and expedient in the best interest of the Company provided that: Ordinary Resolution 11

(i) The aggregate number of Shares in the Company which may be purchased and/or held by the Company as treasury Shares shall not exceed ten percent (10%) of the total number of its issued Shares at any point in time; and

(ii) The maximum funds to be allocated by the Company for the purpose of purchasing its own Shares shall not exceed the total available retained profits of the Company based on its latest audited financial statements available up to the date of the transaction.

THAT, upon the purchase by the Company of its own Shares, the Directors are authorised to retain the Shares so purchased as treasury Shares or cancel the Shares so purchased or retain part of the Shares so purchased as treasury Shares and cancel the remainder. The Directors are further authorised to distribute the treasury Shares as dividends to the shareholders of the Company and/or resell the Shares on the Bursa Securities in accordance with the relevant rules of the Bursa Securities or subsequently cancel the treasury Shares or any combination thereof.

(the "Proposed Share Buy-Back")

THAT the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and do all such acts and things as they may consider necessary or expedient to implement and give effect to the Proposed Share Buy-Back."

8. To consider any other business for which due notice shall have been given.

Notice of Annual General Meeting

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Twenty Second Annual General Meeting of the Company, the final single tier dividend of 2 sen per share for the financial year ended 31 December 2023 will be paid to shareholders on 26 July 2024. The entitlement date for the proposed dividend shall be on 12 July 2024. A depositor shall qualify for the entitlement to the dividend only in respect of:

a) Shares transferred to the depositor's securities account before 4:30 p.m. on 12 July 2024 in respect of ordinary transfer; and

b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

Ong Lu See
(LS 0006228)
SSM PC No. 201908001450

Kong Sown Kaey
(MAICSA 7047655)
SSM PC No. 202008001434
Secretaries

Penang
Date : 29 April 2024

NOTES

1. Appointment of Proxy

(a) Subject to Paragraph (c) below, a member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.

(c) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

(e) The instrument appointing a proxy may be made in hardcopy form or by electronic means in the following manner not less than 48 hours before the time for holding the meeting or any adjournment thereof:

(i) In hardcopy form:
The proxy form shall be deposited at the office of the Company's Share Registrar at Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Penang.

(ii) By electronic means:
The proxy form shall also be electronically lodged by email to eservices@sshsb.com.my.

(f) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.

NOTES (CONT'D)

2. **Members entitled to attend Twenty Second Annual General Meeting ("AGM")**

   For the purpose of determining a member who shall be entitled to attend the Twenty Second AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 78(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 31 May 2024. Only a depositor whose name appears in the Record of Depositors as at 31 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

3. **Audited Financial Statements for the financial year ended 31 December 2023**

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

4. **Ordinary Resolutions No. 2 and 3 – Proposed payment of Directors' fees**

   Pursuant to Section 230(1) of the Companies Act 2016, the Company shall at every AGM approve the fees of the Directors of the Company and its subsidiaries. The Directors' fees payable to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company. The Directors' fees are in accordance with the remuneration framework of the Group.

   The proposed Ordinary Resolution 3 is to facilitate the payment of Directors' fees on current year basis. In the event, the Directors' fees proposed is insufficient, the Board will seek the approval from the shareholders at the next AGM for additional fees to meet the shortfall.

5. **Ordinary Resolutions No. 4 and 5 – Proposed payment of Directors' benefits (excluding Directors' fees)**

   The Directors' benefits (excluding Directors' fees) comprises the allowances and other benefits. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees meetings for the period from 8 June 2024 until the next AGM. 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.

6. **Ordinary Resolutions No. 6 and 7 - Re-election of Director who retires in accordance with Clause 109(a) and (b) of the Company's Constitution**

   Clause 109(a) and (b) of the Company's Constitution provides that an election of directors shall take place each year. 1/3 of the directors for the time being shall retire from office at each AGM but shall be eligible for re-election at the said meeting. If the total number of the directors is not 3 or a multiple of 3, the number nearest to 1/3 will retire. The Directors to retire in every year shall be those who have been longest in office since their last election.

   Dato' Loh Nam Hooi and Ms. Gan Pei Joo who will be retiring and offering themselves for re-election at the Twenty Second AGM was evaluated by the Nominating Committee and the Board. Based on the evaluation outcome, the Nominating Committee and the Board were of the view that their performances were satisfactory and recommended their re-elections for shareholders' approval.

7. **Ordinary Resolution No. 9 - Proposed power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   The proposed resolution if passed will empower the Directors of the Company to issue and allot shares up to 10% of the total number of issued shares of the Company from time to time. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

   As at the date of this notice no shares have been issued pursuant to the mandate granted to the Directors at the last AGM held on 31 May 2023 and which will lapse at the conclusion of the Twenty Second AGM.

   The Directors seek a renewal of the mandate to provide flexibility to the Company for possible raising of funds, including but not limited to placing of shares, for purpose of additional working capital, capital expenditure, funding of investments, acquisitions or reduction of borrowings.

NOTES (CONT'D)

8. **Ordinary Resolution No. 10 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The proposed resolution in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature will eliminate the requirement for the Company to make regular announcements and convene separate general meetings from time to time in respect of the aforesaid Recurrent Related Party Transactions.

   Please refer to Part A of the Circular and Statement to Shareholders dated 29 April 2024 for further information.

9. **Ordinary Resolution No. 11 - Proposed renewal of shareholders' mandate for purchase by the Company of its own shares of up to ten percent (10%) of its total number of issued shares**

   The proposed resolution if passed will empower the Directors of the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company at any point in time subject to compliance with Section 127 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other prevailing laws, rules and regulations.

   Please refer to Part B of the Circular and Statement to Shareholders dated 29 April 2024 for further information.

Personal Data Privacy

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereof); and (c) for the Company's (or its agents") compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively "the Purpose"); (ii) warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note : The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

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PENTAMASTER CORPORATION BERHAD 200201004644 (572307-U)
(Incorporated in Malaysia)

Proxy Form

FOR THE 22ND ANNUAL GENERAL MEETING

CDS Account No.	
No. of shares held	

I/We ____
(Full Name in Block Letters)

of ____
(Address)

being a member/members of the above Company appoint (Proxy 1) ____

____
(Full Name in Block Letters)

of ____
(Address)

and/or failing him (Proxy 2), ____
(Full Name in Block Letters)

of ____
(Address)

or failing him, the Chairman of the Meeting as my/our Proxy to vote in my/our name(s) on my/our behalf at the Twenty Second Annual General Meeting ("AGM") of the Company to be held on at Level 4, Jadeite Function Room, Amari SPICE Penang, 2, Persiaran Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang on Friday, 7 June 2024 at 10:30 a.m. and at any adjournment thereof in the manner indicated below :-

Resolution		For	Against
To approve the payment of a final single tier dividend of 2 sen per share for the financial year ended 31 December 2023.	Ordinary Resolution 1		
To approve the payment of Directors' fees amounting to RM275,880 to Directors of the Company for the financial year ended 31 December 2023.	Ordinary Resolution 2		
To approve the payment of Directors' fees amounting to HKD930,006 (approximately RM560,000 equivalent) per annum to Directors of the subsidiary company commencing from the financial year ending 31 December 2024 and that such fees to the Directors of the subsidiary company shall continue until otherwise resolved.	Ordinary Resolution 3		
To approve the payment of benefits of up to RM35,000 to the Non-Executive Directors of the Company from 8 June 2024 until the next Annual General Meeting of the Company.	Ordinary Resolution 4		
To approve the payment of benefits of up to RM35,000 to the Non-Executive Directors of the subsidiary company from 8 June 2024 until the next Annual General Meeting of the Company.	Ordinary Resolution 5		
To re-elect Dato' Loh Nam Hooi who retires in accordance with Clause 109(a) and (b) of the Company's Constitution as a Director of the Company.	Ordinary Resolution 6		
To re-elect Ms. Gan Pei Joo who retires in accordance with Clause 109(a) and (b) of the Company's Constitution as a Director of the Company.	Ordinary Resolution 7		
To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 8		
To empower the Directors to issue and allot shares up to 10% of the total number of issued shares of the Company.	Ordinary Resolution 9		
To approve the proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.	Ordinary Resolution 10		
To approve the purchase by the Company of its own shares of up to 10% of its total number of issued shares.	Ordinary Resolution 11		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain from voting at his/her discretion.)

The proportion of my/our holding to be represented by my/our proxies are as follows:-

Proxy 1	%
Proxy 2	%
	100 %

Dated this ______________ day of ______________ 2024.

____
Signature of Shareholder or Common Seal

Notes :

(a) *Only a Depositor whose name appears in the Record of Depositors as at 31 May 2024 shall be entitled to attend the Twenty Second AGM or appoint proxies to attend, speak and/or vote on his/her behalf.*

(b) *Subject to Paragraph (f) below, a member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.*

(c) *A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.*

(d) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

(e) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*

(f) *The instrument appointing a proxy may be made in hardcopy form or by electronic means in the following manner not less than 48 hours before the time for holding the meeting or any adjournment thereof:*

In hardcopy form:

The proxy form shall be deposited at the office of the Company's Share Registrar at Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Penang.

By electronic means:

The proxy form shall also be electronically lodged by email to eservices@sshsb.com.my.

(g) *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.*

Please fold across the lines and close

Affix
stamp

The Share Registrar
PENTAMASTER CORPORATION BERHAD
200201004644 (572307-U)

Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang

Please fold across the lines and close

PENTAMASTER

PENTAMASTER CORPORATION BERHAD

200201004644 (572307-U)

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penta-online@pentamaster.com.my