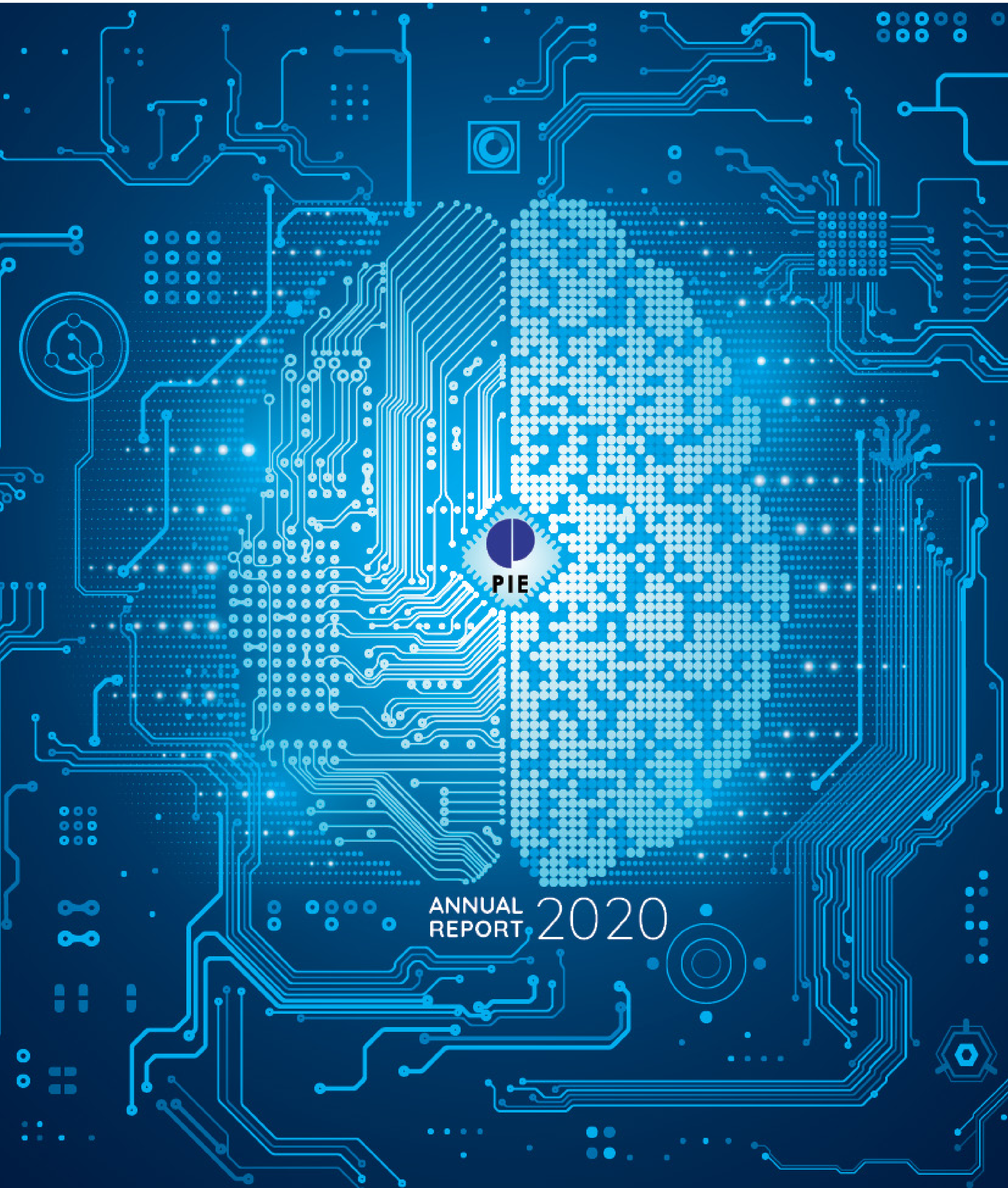
P. I. E. INDUSTRIAL BERHAD

Registration No.: 199701008590 (424086-X)



ANNUAL REPORT 2020

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Wong Thai Sun
Independent Non-Executive Chairman

Lan, Kuo-Yi
Executive Director
(Appointed w.e.f. 19 March 2021)

Koay San San
Independent Non-Executive Director

Mui Chung Meng
Managing Director

Loo Hooi Beng
Independent Non-Executive Director

Lee Cheow Kooi
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Loo Hooi Beng
Chairman

Wong Thai Sun

Koay San San

NOMINATING COMMITTEE

Loo Hooi Beng
Chairman

Lee Cheow Kooi

Koay San San

RISK MANAGEMENT COMMITTEE

Loo Hooi Beng
Chairman (Appointed w.e.f. 19 March 2021)

Lan, Kuo-Yi (Appointed w.e.f. 19 March 2021)

Koay San San (Appointed w.e.f. 19 March 2021)

AUDITORS

Deloitte PLT
(Chartered Accountants)

COMPANY SECRETARIES

Wong Yee Lin (MIA 15898)
SSM PC No. 201908001793

Hing Poe Pyng (MAICSA 7053526)
SSM PC No. 202008001322

WEBSITE

www.pieib.com.my

PRINCIPAL BANKERS

Public Bank Berhad
Citibank Berhad
RHB Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Bangkok Bank Public Company Limited
United Overseas Bank Limited Co.

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector: Industrial Products & Services
Stock Name: PIE
Stock Code: 7095
(Listed since 7 July 2000)

REGISTERED OFFICE

51-8-A, Menara BHL
Jalan Sultan Ahmad Shah
10050 Georgetown
Pulau Pinang

Tel : +604-373 6616
Fax : +604-373 6615

SHARE REGISTRAR

Agriteum Share Registration Services Sdn. Bhd.
Registration No. : 200201010810 (578473-T)
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Pulau Pinang

Tel : +604-228 2321
Fax : +604-227 2391

GROUP CORPORATE STRUCTURE

P. I. E. INDUSTRIAL BERHAD
Registration No.: 199701008590 (424086-X)

- 100% **Pan-International Electronics (Malaysia) Sdn. Bhd.**
  - 100% PIE Enterprise (M) Sdn. Bhd.
  - 100% Pan-International Corporation (S) Pte. Ltd.
- 100% **Pan-International Wire & Cable (Malaysia) Sdn. Bhd.**
  - 100% P.I.W. Enterprise (Malaysia) Sdn. Bhd.
- 100% **Pan International Electronics (Thailand) Co., Ltd.**

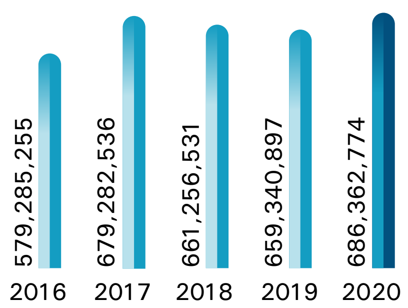
GROUP FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

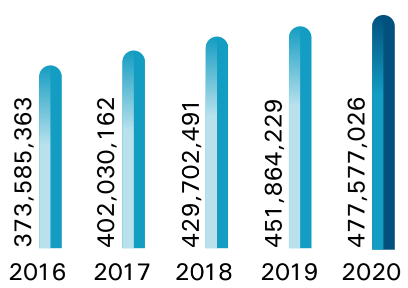
	Year ended 31 December				
	2016 RM	2017 RM	2018 RM	2019 RM	2020 RM
Revenue	579,285,255	679,282,536	661,256,531	659,340,897	686,362,774
Profit before tax	45,731,687	63,442,988	55,827,397	45,801,192	56,645,146
Net profit after tax	36,066,161	48,011,011	43,142,040	36,557,352	45,595,979
Shareholders' equity	373,585,363	402,030,162	429,702,491	451,864,229	477,577,026
Net assets	373,585,363	402,030,162	429,702,491	451,864,229	477,577,026
Number of ordinary shares issued as of Dec 31	384,041,985 *	384,041,985 *	384,041,985 *	384,041,985 *	384,041,985 *
Net assets per share	0.97	1.05	1.12	1.18	1.24
Proforma weighted average number of shares	384,041,985	384,041,985	384,041,985	384,041,985	384,041,985
Basic earnings per share (Sen)	9.39	12.50	11.23	9.52	11.87
Net dividend per share (Sen)	5	6	5	5	5 @

* The issued share capital of RM76,808,397 is divided into 384,041,985 Ordinary Shares
@ Subject to shareholders' approval at the forthcoming Annual General Meeting

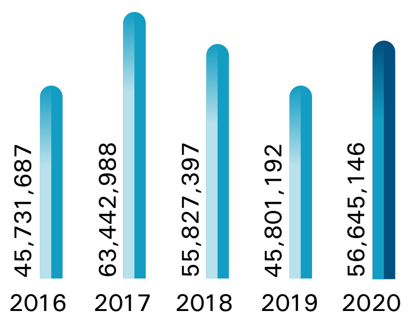
Revenue (RM)



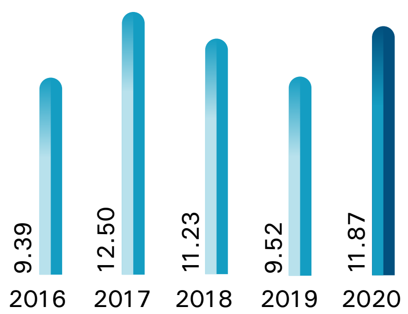
Shareholders' equity (RM)



Profit before tax (RM)



Basic earnings per share (Sen)



DIRECTORS' PROFILE

WONG THAI SUN

- Chairman / Independent, Non-Executive Director
- Malaysian
- Aged 66
- Male

Wong Thai Sun, was appointed to the Board on 14 February 2020. He holds a Bachelor of Economics and Accountancy from Australia National University. He is a member of the Malaysian Institute of Accountants and the Certified Practicing Accountants, Australia.

He has public practice experience in accountancy for over 34 years in Malaysia and overseas. He is currently having his own public practice firm known as Wong Thai Sun & Associates.

He is also an Independent Non-Executive Director of Emico Holding Berhad.

He is also the Chairman of the Board and a member of the Audit Committee.

MUI CHUNG MENG

- Managing Director
- Malaysian
- Aged 69
- Male

Mui Chung Meng, was appointed to the Board on 10 May 2000. He graduated from the University of Singapore majoring in Electronics in 1974 and was an Associate Member of the Institute of Electrical Engineers in 1977. He also obtained a Diploma in Plastic and Rubber Technology (UK) in 1988 under the guidance of Universiti Sains Malaysia and the Rubber Research Institute of Malaysia. Mr. Mui joined Pan International Electronics (Thailand) Co., Ltd. in 1993 and was subsequently promoted to General Manager of the South East Asian Division of Pan-International Industrial Corporation. From 1974 to 1980, he was attached to Siemens and Intel, which are involved in semiconductor electronic manufacturing, as Production Engineer in-charge of transistors and optoelectronic products manufacturing and QA Engineer in-charge of quality control activities of the entire assembly plant respectively. From 1981 to 1992, he was the operation manager of Kayel Rubber Products and Polynic Industry who handled the overall operations of rubber and plastic products manufacturing. Through these experiences, Mr. Mui gained extensive knowledge in the fields of electronics, plastics and rubber.

LAN, KUO-YI

- Executive Director
- Taiwanese
- Aged 48
- Male

Lan, Kuo-Yi, was appointed to the Board on 19 March 2021. He is an accountant by profession. He obtained Bachelor Degree of Accounting and Master Degree of Business Administration from Soochow University. Prior to joining the Group in March 2020, he has gained local and international experience in the field of auditing and accounting.

He is also a member of the Risk Management Committee.

LOO HOOI BENG

- Independent, Non-Executive Director
- Malaysian
- Aged 55
- Male

Loo Hooi Beng, was appointed to the Board on 1 July 2009. He obtained the Bachelor Degree of Accounting from Universiti Kebangsaan Malaysia in 1992, Master Degree of Science (Management) from Universiti Utara Malaysia in 1998, Master Degree of Advanced Business Practice from University of South Australia in 2011, COSO Internal Control Certificate in 2017 and COSO Enterprise Risk Management Certification in 2018. After his graduation in 1992, Mr. Loo began his career in an audit firm until year 1995 and later attached to several companies as senior executive.

He is a Chartered Accountant of Malaysian Institute of Accountants, member of CPA Australia, member of ASEAN CPA, fellow member of Institute of Corporate Directors Malaysia, and associate member of Malaysian Institute of Taxation.

He is also the Chairman of the Audit Committee, Nominating Committee and Risk Management Committee.

KOAY SAN SAN

- Independent, Non-Executive Director
- Malaysian
- Aged 38
- Female

Koay San San, was appointed to the Board on 1 March 2018. She graduated from University of Hertfordshire with Bachelor of Accounting and subsequently obtained her Master Degree in International Business from University of Sunderland in December 2008. Upon graduation, she started her career in June 2005 as Company Auditor in an Audit firm and she left the audit firm as Senior Associate. She joined a public listed company as an Accountant. During her tenure, she was involved in numerous corporate exercises undertaken by the said listed company. She left the said listed company and worked in a multi-national company for a short stint.

She is also an Independent Non-Executive Director of Saudee Group Berhad.

She is also a member of the Audit Committee, Nominating Committee and Risk Management Committee.

LEE CHEOW KOOI

- Non-Independent, Non-Executive Director
- Malaysian
- Aged 54
- Male

Lee Cheow Kooi, was appointed to the Board on 7 November 2016. He graduated from Tunku Abdul Rahman College with advanced Diploma in Mechanical and Manufacturing Engineering. He is a professional expert in implementing comprehensive business plans to facilitate achievement by planning cost effective operations.

He started his career with Supernet Sdn. Bhd. in 1991 and as an operation head in 1998. He joined Foxconn Malaysia Sdn. Bhd. in 1998 as a Sales/Engineer Manager. With demonstrable experience in developing strategic/business plan and adequate knowledge of organizational effectiveness and operation management, he is promoted as Regional Director since 2009.

He is also a member of the Nominating Committee.

ADDITIONAL INFORMATION ON THE DIRECTORS

Family relationship with any director and/or major shareholder
The above Directors have no family relationship with any other Directors and/or major shareholders of P.I.E. Industrial Berhad.

Convictions for offences (within the past 5 years other that traffic offences, if any)
None of the Directors have any convictions for offences other than traffic offences within the past 5 years.

Particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any
None of the Directors were penalized or sanctioned by any regulatory bodies during the financial year.

Conflict of Interest
The Directors have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

Securities held in the Company
The details are disclosed on page 113 of this Annual Report.

BOARD MEETINGS

The number of Board meetings attended by the respective Directors during the financial year ended 31 December 2020 (FY2020) are as follows:

Name of Directors	Number of Board Meetings Attended / Held	Percentage of Attendance
Wong Thai Sun	5 / 5	100%
Mui Chung Meng	5 / 5	100%
Lan, Kuo-Yi (Appointed w.e.f. 19 March 2021)	-	-
Loo Hooi Beng	5 / 5	100%
Koay San San	5 / 5	100%
Lee Cheow Kooi	5 / 5	100%

TRAINING PROGRAMMES

During the FY2020, the training programmes or seminars attended by the Directors (save for Mr. Mui Chung Meng and Mr. Lee Cheow Kooi) are as follows:

Name of Director	Training Programmes / Seminars	Mode of Training	No. of Hours / Days spent
Wong Thai Sun	• Tax Issues for SMEs (13 January 2020)	Seminar	8 Hours
	• Latest Updates in 2020 on Employers' Tax Statutory Obligations – Including Tax Implications on Employee Related Expenses (25 February 2020)	Seminar	8 Hours
	• Materiality – Determining Materiality in the Audit of Financial Statements (13 March 2020)	Seminar	8 Hours
	• The Implication of Digital Tax in Malaysia with Latest Updates (13 August 2020)	Seminar	8 Hours
	• IFRS 9 / MFRS 9 Financial Instruments – A Practical Guide (25 September 2020)	Seminar	8 Hours
	• 2021 Budget Seminar (15 December 2020)	Seminar	7 Hours
Loo Hooi Beng	• Indonesia Economic Outlook 2020 (22 January 2020)	Talk	2 Hours
	• The Power of Feedback (5 April 2020)	Online Study	1 Hour
	• Spreadsheet Risks (5 April 2020)	Online Study	1 Hour
	• Deciding between an Employee or a Contractor (5 April 2020)	Online Study	1 Hour
	• Integrated Reporting Fundamentals (5 April 2020)	Online Study	1 Hour
	• Going Concern Assessments (5 April 2020)	Online Study	1 Hour
	• Leadership Today: Authentic, Open & Transparent (9 April 2020)	Webinar	2 Hours
	• Managing HR for the Long Haul: Road to Recovery (15 April 2020)	Webinar	2 Hours
	• In Times of Crisis, Stakeholders Take Centre Stage (16 April 2020)	Webinar	2 Hours
	• Analysing Customer Profitability (22 April 2020)	Online Study	1 Hour
	• From Sustainability Reporting to Integrated Reporting (27 April 2020)	Online Study	1 Hour

TRAINING PROGRAMMES (CONTD)

During the FY2020, the training programmes or seminars attended by the Directors (save for Mr. Mui Chung Meng and Mr. Lee Cheow Kooi) are as follows (Cont'd):

Name of Director	Training Programmes / Seminars	Mode of Training	No. of Hours / Days spent
Loo Hooi Beng (Cont'd)	• Preparing the Board for a Post-COVID World (14 August 2020)	Webinar	2 Hours
	• What Internal Auditors need to Know about Cloud Technologies (27 August 2020)	Webinar	1 Hour
	• Identifying and Managing Stakeholder Expectations - the Audit Committee (17 September 2020)	Webinar	2 Hours
	• Adversity Quotient (16 November 2020 – 19 November 2020)	Webinar - In House	12 Hours
	• Work Ethic (19 November 2020 – 26 November 2020)	Webinar - In House	16 Hours
	• Reimaging and Rebuilding Stories (19 November 2020)	Webinar	2 Hours
	• Stakeholder Capitalism: A Vital Pandemic Agenda (25 November 2020)	Webinar	2 Hours
	• Internal Control Fundamentals (27 November 2020)	Webinar	1.5 Hours
	• Practice Risk Management and Quality Control (30 November 2020)	Webinar	1 Hour
	• CrowdStrike Threat Intel Briefing (2 December 2020)	Webinar	1 Hour
	• Understanding Fraud and What to do Next (4 December 2020)	Webinar	1 Hour
	• The Regenerative Business of the Future (7 December 2020)	Webinar	1 Hour
	• Digital Leadership & Communication during Turbulent Times (8 December 2020)	Webinar	1 Hour
	• The Modern Board Architecture (9 December 2020)	Webinar	1 Hour
	• The Insider's Guide to Surviving Life in the Boardroom (10 December 2020)	Webinar	1.5 Hours
	• Vision 2020 - The Pandemic Digital Tipping & What to Expect in 2021 (11 December 2020)	Webinar	1 Hour
	• Back to Basics: Unfair Dismissal & Remedies (11 December 2020)	Webinar	1.5 Hours
Koay San San	• Tax Budget 2021 (18 December 2020)	Seminar	3 Hours

Mr. Mui Chung Meng and Mr. Lee Cheow Kooi were unable to attend any training in 2020 due to their tight schedule and travel commitments. Nevertheless, they continue to keep themselves abreast with the recent regulatory and corporate governance developments by studying the relevant reading materials published at various professional websites and newsletters from the authorities forwarded by the Management and Company Secretary from time to time.

REMUNERATION

During the FY2020, the detailed disclosure of remuneration breakdown of each Director is as follows:

Name of Directors	Remuneration received from the Company						Remuneration received from Subsidiary Companies				Group Total (RM'000)
	Salary (RM'000)	Fees (RM'000)	Bonus (RM'000)	EPF (RM'000)	Other Emoluments (RM'000)	Total (RM'000)	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits-in-kind (RM'000)	
Wong Thai Sun	-	21	-	-	6	27	-	-	-	-	27
Mui Chung Meng	304	-	767	204	5	1,280	202	4	17	14	1,517
Lan, Kuo-Yi (Appointed w.e.f. 19 March 2021)	46	-	-	5	-	51	-	-	-	2	53
Loo Hooi Beng	-	24	-	-	6	30	-	-	-	-	30
Koay San San	-	24	-	-	6	30	-	-	-	-	30
Lee Cheow Kooi	-	-	-	-	5	5	-	-	-	-	5

KEY SENIOR MANAGEMENT INFORMATION

HONG YONG PENG

- Assistant General Manager, Contract Electronic Manufacturing ("CEM") – Converter Division
- Malaysian
- Aged 65
- Male

Mr. Hong holds a Master's degree in Business Administration. He joined Pan-International Electronics (Malaysia) Sdn. Bhd. (PIESB) in 2011. He has forty one (41) years of working experience in Semi-Conductor and Electronics companies. He was appointed as Assistant General Manager in the division of CEM – Converter on 1 February 2011.

LAW TONG HAN

- Assistant General Manager, CEM - Electronic Division
- Malaysian
- Aged 49
- Male

Mr. Law holds a Master of Science (MSc) in Manufacturing Engineering degree from University of Warwick. He joined PIESB as Engineering Manager in 2007. He experienced in both process engineering and Research and Development section before joining PIESB. He was appointed as Division Manager mainly responsible for operation in CEM - Electronic on 1 July 2011. He was appointed as a director of PIESB on 12 March 2018 and then promoted to as Assistant General Manager of PIESB with effect from 1 July 2019.

ONG TIEW LING

- Head of Supply Chain Support, CEM – Electronic Division
- Malaysian
- Aged 53
- Male

Mr. Ong holds a Bachelor of Business Administration degree from Chung Yuan Christian University. He joined PIESB on 27 June 2018. He has twenty nine (29) years of working experience in supply chain management, program management, plant operation and Business Unit Head.

CHEAH HENG LYE

- MIS Manager, CEM – Electronic Division
- Malaysian
- Aged 57
- Male

Mr. Cheah holds a Bachelor of Economics degree from Chung Hsing University. He started his working career as System Analyst in Pan-International Industrial Corporation (PIIC) in 1990 and joined PIESB in 1994. He has thirty (30) years of experience in Manufacturing Industries Computerization. He was appointed as MIS Manager on 1 January 1997 to set up IT integration system in the group. He is also a director of PIE Enterprise (M) Sdn. Bhd. (PIEE).

CHEN, MING-LUNG

- Assistant General Manager, Raw Wire & Cable Division
- Taiwanese
- Aged 65
- Male

Mr. Chen completed his high school education and started his working career in PIIC in 1980 and then transferred to a subsidiary of the Group, Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (PIW) as the Factory Manager in 1989. He has thirty nine (39) years of working experience in the manufacturing of wire and cable. He was appointed as Assistant General Manager in the division of raw wire and cable on 1 June 1997. He is also a director of PIW and P.I.W. Enterprise (Malaysia) Sdn. Bhd. (PIWE).

LIAO, YUEH-CHEN

- Factory Manager, Raw Wire & Cable Division
- Taiwanese
- Aged 58
- Female

After completing her high school education, Ms. Liao started her working career in PIIC in 1979 and then transferred to PIW as the Production Manager in 1989. She has forty (40) years of working experience in the manufacturing of wire and cable. She was appointed as Factory Manager in division of raw wire and cable on 1 June 1997. She is also a director of PIW and PIWE.

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

None of the Key Senior Management has:
- any family relationship with any Director and/or major shareholder of P.I.E. Industrial Berhad
- any conflict interest with P.I.E. Industrial Berhad
- any conviction for offences within the past five (5) years other than traffic offences
- any directorship in public company and listed issuer
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

2020 was a year full of challenges. The emergence of Coronavirus Disease 2019 (COVID-19) has hit all parts of the world severely. Global economy collapsed due to many countries implemented lockdown measures to combat spread of COVID-19 crisis. Businesses slow down, decrease in revenue, profit and operating cash flow followed by high volatilities and uncertainties during the year.

P.I.E. Industrial Berhad ("PIE" or the "Company") was incorporated in Malaysia. PIE and its subsidiaries (the Group) continued to deliver value to our stakeholders as what we have done so for the past 30 years in fully vertically integrated "one-stop" Electronics Manufacturing Services (EMS) as well as manufacturing of wires and cables for various industrial applications. In 2020, we have registered the best-ever revenue of RM686.36 million in the history of the Group. This was achieved notwithstanding the difficult business operating conditions as well as many uncertainties in the global economy.

FINANCIAL PERFORMANCE REVIEW

For the financial year ended 31 December 2020 (FY2020), the Group recorded revenue of RM686.36 million. If compared to RM659.34 million recorded in the financial year ended 31 December 2019 (FY2019), an increase of 4.1% or RM27.02 million, which was mainly attributable to increased orders received from our new and existing customers in EMS segment. However, it was partly offset with lower revenue from wire and cable products, wire harness products and trading segment.

In terms of revenue contribution by geographical locations of the Group's operations, Malaysia remained as the primary revenue contributor for PIE which generating 98.12% of the Group turnover, followed by Thailand (1.85%) and Singapore (0.03%). Revenue from local operations increased 6.3% in FY2020 to RM673.45 million. On the other hand, turnover from operations in Thailand decreased 39.4% in FY2020 to RM12.73 million.

The Group recorded profit before tax (PBT) of RM56.65 million in the FY2020. If compared to RM45.80 million in FY2019, PBT increased by RM10.85 million or 23.7%. The higher PBT in FY2020 was mainly attributable to increase in revenue (RM27.02 million), higher gain on foreign exchange (RM11.60 million), higher fair value gain on investment properties (RM2.28 million), lower inventories written down (RM2.54 million) and lower interest expenses (RM0.56 million), but was partially offset by higher cost of goods sold (RM18.01 million), higher operating expenses (RM3.91 million), higher inventories written off (RM2.12 million), lower scrap sales income (RM1.23 million), lower interest income (RM0.62 million), lower rental income (RM0.43 million) and lower reversal of provision for expected credit loss of trade receivables (RM1.43 million).

In term of PBT by segment in the manufacturing of industrial products, profitability of EMS division and manufacturing of wires and cables division in Malaysia rose RM13.0 million or 29.2% in FY2020 to RM57.52 million. The cable assembly and wire harness division in Thailand registered a loss before tax (LBT) of RM0.66 million in FY2020, a decrease of RM1.9 million or 153.9% as compared to FY2019.

Consequently, the Group recorded a profit after tax (PAT) of RM45.60 million in FY2020, an increase of RM9.04 million or 24.7% against RM36.56 million a year ago. The increase of PAT was attributed to the above mentioned reasons.

CAPITAL STRUCTURE AND RESOURCES

The Group's total assets increased by 22.4% or RM121.57 million to RM663.59 million from RM542.02 million in FY2019. The increase was largely due to higher inventories (RM57.46 million) in order to ensure sufficient inventory is available for delivery as the volume of sales order received from new and existing customers grows, higher trade receivable (RM77.77 million) that were in line with the highest revenue in the fourth quarter of FY2020 which is collectible in the following quarter and higher cash holdings (RM13.29 million), but was partially offset by less placement of fixed deposits with licensed banks (RM31.64 million) and short-term money market deposits (RM5.33 million).

The Group incurred capital expenditures (CAPEX) amounting to RM28.97 million in the financial year under review, which was much higher than the RM7.47 million invested in FY2019. CAPEX spent on the purchase of machinery and equipment as well as expansion of factory building to expand production capacity and enhance operational efficiency and effectiveness. These investments funded through internally generated funds.

CAPITAL STRUCTURE AND RESOURCES (CONT'D)

Furthermore, the Group's net cash used in operating activities amounting to RM9.35 million in FY2020. The Group's cash and cash equivalent stood at RM143.71 million in FY2020. The healthy cash and cash equivalent level provides us the flexibility and capability to quickly seize any good business opportunities that arise.

The Group's total equity increased by 5.7% or RM25.72 million to RM477.58 million in FY2020 as compared to RM451.86 million in FY2019. The increase in total equity is mainly attributed to higher distributable retained profits as a result of net profit of RM45.60 million and payment of dividends amounting to RM19.20 million. During the financial year under review, non-distributable reserves decreased by RM0.68 million due to changes in foreign currency translation reserve. The Group's net assets per share increased to RM1.24 per share in FY2020 from RM1.18 per share in FY2019. Meanwhile, the basic earnings per share for FY2020 and FY2019 are 11.87 sen and 9.52 sen respectively.

In FY2020, the Group's total liabilities increased by 106.3% or RM95.86 million to RM186.01 million from RM90.15 million in FY2019, mostly due to higher trade payables (RM66.74 million) as a results of the increased purchase of raw materials to fulfill the sales order received and higher short term borrowings (RM28.32 million) for working capital purpose. Net assets was higher at RM477.58 million in FY2020 as compared to RM451.86 million in FY2019.

The Group's current capital structure as at 31 December 2020 is deemed appropriate to safeguard its ability to continue as going concern in order to generate satisfactory returns to shareholders and reduce cost of capital. Earnings generated from core operational activities are the main sources to the Group's capital accumulation.

BUSINESS AND OPERATIONAL REVIEW

PIE had successfully launched its FY2020 by acquiring new business opportunities but the progress was unfortunately disrupted by the COVID-19 pandemic. Our Malaysia operations, the primary revenue contributor for the Group, were halted from 18 March 2020 in compliance to the Movement Control Order (MCO) imposed by Malaysia Government to address the COVID-19 outbreak. We resumed our operations subsequently after obtaining approval from Ministry of Trade and Industry with restriction of 50% workforce capacity in the late of April 2020. The workforce capacity had been further restored back to 100% in the early of May 2020. We were able to resume our production as usual while obeying to the strict Standard Operating Procedure (SOP) as required during this period.

The EMS division in Malaysia, with 83.5% revenue contribution to the Group, mainly engaged in low volume-high mix production activities for its Original Equipment Manufacturer (OEM) customers. Because of recent global spread of COVID-19, this division faced unprecedented production and shipment issue in the first half of FY2020 due to worldwide lockdown of economic society and MCO in Malaysia. During the FY2020, this division resumed its production at full capacity to clear all the backlog orders in the third quarter while it obtained a new customer's approval for the production of new product in the middle of third quarter. At the same time, this division increased the number of workers to meet the production needs in the second half of FY2020 as a result of obtaining more sales orders from the new customer. That was the main reason its revenue increased by RM46.36 million or 8.8% and gross profit margin also increased from 5.3% to 6.5% for the year under review as compared with preceding year.

The raw wire and cable manufacturing division in Malaysia contribute 14.6% revenue to the Group. Through its ongoing product development programmes in FY2020, the division has been able to produce new UL approval for Hookup Wire Cross Linked Polyethylene Wires (XLPE) 150ºC to meet the needs of customers including latest projects for oil resistant drag chain cables. Furthermore, this division continues to invest on machinery and equipment to enhance its production capacity so as to improve customer satisfaction with its high quality products. During the first half of FY2020, this division was also affected by global lockdown and MCO in Malaysia due to COVID-19 pandemic. That was the main reason its gross profit margin for the year under review increased to 12.9% from 11.0% in FY2019 while revenue dropped RM6.62 million or 6.2% as compared to FY2019.

The wire harness and cable assembly division in Thailand contribute 1.85% revenue to the Group. With investment in plastic injection machines and SMT production lines since 2017, this division has diversified its products to plastic parts for Thailand customers and print-circuit-board assembly (PCBA) to strengthen shipment flexibility for Group's EMS activities. During the year, revenue from this division declined to RM12.73 million from RM21.0 million in FY2019 which was largely due to lower orders received from existing customers.

ANTICIPATED OR KNOWN RISKS AND MITIGATION

Overdependence on particular customers

The Group is dependent on certain key customers who contribute substantially to the Group's total revenue. Apart from strengthening our network with other foreign sales representatives, we continue to improve our full integration of "one-stop" turnkey EMS manufacturing capabilities to better serve our existing major customers and to attract new business opportunities.

Fluctuation of foreign currency exchange

The Group is exposed to the fluctuation of foreign currency exchange risk especially in the USD against MYR rate as we are an export-based manufacturer. The Group also has transactions in Euro, Thai Baht, Singapore Dollar and Japanese Yen but our exposure to these currencies is minimal. The Group's bottom line will be significantly affected due to drastic fluctuation of foreign currency exchange which is beyond the control of the Group.

To mitigate the risk exposure, the Group takes advantage of natural hedging from sales and purchases denominated in USD. Our finance team strives to closely monitoring the movement of foreign currency and optimising the account receivables and account payables denominated in USD to minimise the foreign exchange loss.

High dependency on foreign workers and employee retention

It is unavoidable for local manufacturing industry to hire foreign workers in the production section. We have encountered difficulty over the years in hiring locals. However, we increased wage rate in excess of the Minimum Wages Order 2020 to attract more locals for joining our company.

In view of the Malaysia Government has frozen on foreign workers new intake due to COVID-19 pandemic, we are reviewing and restructuring the benefit package for retention of employees. We have also engaged established labour agent to supply stable labour so as to ensure that our production schedules in meeting customers' orders will not have any impact.

OUTLOOK, PROSPECTS AND FUTURE CHALLENGES

This is obvious in our financial performance where we have recovered strongly in the fourth quarter of FY2020 after undergoing setbacks arising from MCO in Malaysia. Having registered our best-ever revenue in FY2020, we are continuously working relentlessly to increase the net profit of the Group and maximise our shareholders' value. Subsequent to gaining a potential new customer in FY2020, the Group expects to achieve RM1.0 billion revenue for the financial year ended 31 December 2021 (FY2021).

Currently, the Group possesses seven (7) plants in Malaysia where we had already fully utilised the production space in four (4) plants and the other three (3) plants were rented out. We are now waiting for State Government to endorse the purchase of another new facility with approximately 80,000 sq. ft. build up which is strategically located within the vicinity of other existing facilities. The new plant will then be renovated and extended to 150,000 sq. ft. for manufacturing of box-build consumer electronic products for a renowned customer that expecting to contribute around 50% of the Group's total revenue in FY2021. We expect that the new plant will be ready for operations in the fourth quarter of FY2021 and fully utilise the 150,000 sq. ft. production space in the middle of year 2022.

We continue to incorporate process of automation project and invest in automated machinery where economically feasible to further improve production efficiency and productivity. Besides, we will also invest in Artificial Intelligence (AI) robot-assisted operation for the final box-build assembly operations to enhance our manufacturing capabilities and competitive edge so as to become preferred EMS player.

We are pleased to share that our group has set up a new Research and Development (R&D) division at the beginning of FY2021 to design and build mobile energy devices including battery chargers and battery packs for many of our existing and new customers. We believe that the demand for mobile energy devices is expected to in big demand the next five years due to the continuous increase of various portable mobile devices.

OUTLOOK, PROSPECTS AND FUTURE CHALLENGES (CONT'D)

Other than the above, we anticipate orders from our existing customers in EMS to remain strong through our fully built-up vertical integrated manufacturing facilities which will be further improved in operations in coming years. For our manufacturing of wires and cables division, there is an increasing trend of the copper price since the end of FY2020. However, this division is able to maintain its profit margin as the selling price quoted to customers is pegged to the copper price determined according to the market.

Regardless of the current circumstances, we are quite confident about the future of the Group. We believe that the Group's performance will be better in the coming financial year based on the progressive developments mentioned above and the continuous discussion with existing and new customers on new potential projects. In conclusion, the Group remains positive on the prospect towards future development with more than 30 years of operating experience, competent management team, a very strong fundamental build during past years, growing orders from new as well as existing customers and strong support from reputable holding company. We are continuously committed to deliver the best value to our customers, employees, shareholders and other stakeholders by enhancing innovation and automation processes while extending our vertical integration capabilities.

DIVIDEND

The Board of Directors (Board) of the Company has recommended the following dividends, in respect of the FY2020 for the approval of shareholders at the coming 24th Annual General Meeting. The entitlement and payment date of the dividends are as disclosed in this Annual Report:

1) A Special Single Tier Dividend of 2.6 sen per share; and
2) A First and Final Single Tier Dividend of 2.4 sen per share.

The Group will continue to adopt a balanced dividend policy which will not only conserve adequate funds to meet the Group's future investment and expansion programme, but also reward our shareholders with satisfactory dividend payout in line with performance of the Group. The total dividends for the financial year under review represents a 42.1% payout of FY2020 net profit.

This statement was made in accordance with a resolution of the Board dated 19 March 2021.

AUDIT COMMITTEE REPORT

The Board of Directors (Board) is pleased to present the Audit Committee (AC) Report for the financial year ended 31 December 2020 (FY2020).

COMPOSITION

The present members of the AC comprise:

Chairman : Loo Hooi Beng (Independent Non-Executive Director)

Member : Wong Thai Sun (Independent Non-Executive Director)
Koay San San (Independent Non-Executive Director)

This composition meets the requirements of Paragraph 15.09(1)(a) and (b) of the Bursa Securities Main Market Listing Requirements (Main LR). Mr. Loo Hooi Beng, the Chairman of the AC is a Chartered Accountant of the Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the Main LR.

ATTENDANCE OF MEETINGS

The details of attendance of each member at the AC meetings held during the financial year under review are as follows:

Name of Director	Number of Meetings Attended / Held	Percentage of Attendance
Loo Hooi Beng	5/5	100%
Wong Thai Sun	5/5	100%
Koay San San	5/5	100%

SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE

The AC met 5 times during the year under review. The AC also meets with the Group CFO, Internal and External Auditors, as may be required to discuss and review matters to ensure the AC is provided with comprehensive information or additional assurance that may be required.

The main activities undertaken by the AC during the financial year ended 31 December 2020 were as follows:

- Assisted the Board in discharging its statutory and other responsibilities regarding risk management and internal control system, financial and accounting matters, and reviewed the effectiveness of the system;
- Reviewed the quarterly unaudited financial results and Bursa Malaysia Securities Berhad ("Bursa") announcements before recommending them for the Board's approval;
- Reviewed the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Overview Statement pursuant to Bursa Listing Requirements.
- Reviewed reports on related party transactions and recurrent related party transactions to ensure these transactions were executed in compliance with Bursa Listing Requirements, as well as within the shareholders' mandate;
- Reviewed and discussed with the external auditors, the internal auditors and management regarding the assistance given by management to the auditors, and discussed the problems and concerns arising from the audits (in the absence of the management where necessary);

SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE (CONT'D)

The main activities undertaken by the AC during the financial year ended 31 December 2020 were as follows (Cont'd):

- Reviewed with the external auditors their scope of work, audit methodology, materiality thresholds, their evaluation of internal control system, management letter to the AC, management responses, and the allocation of audit resources according to the key business and financial risk areas as well as the optimum coverage and efforts between the external and internal auditors;

- Assessed the performance, competency and professionalism demonstrated by the external auditors during the year. Considered and assessed the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non-audit related services. The non-audit fees paid to the member firms of external auditors in 2020 amounted to RM93,228.

- Reviewed internal audit reports, recommendations and management responses. Discussed actions taken with management to improve the internal control system based on findings identified by internal auditors; and

- Reviewed and discussed with the external auditors, internal auditors and management regarding any fraud or suspected violation, or suspected infringement of any relevant laws, rules or regulations, which has, or is likely to have, a material impact on the Group's operating results or financial position.

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT FUNCTION

The Group has outsourced the Internal Audit Function to an independent professional firm, BDO Governance Advisory Sdn. Bhd. (BDO GA) on 5 November 2018. BDO GA was appointed throughout FY2020 to review and monitor the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance and internal control processes. The costs incurred for the Group's internal audit function for FY2020 was RM56,480.

AC approved the internal audit proposal by BDO GA. During the financial year, BDO GA carried out four audit examinations which covering seven business processes as below:

- Procure to pay;
- General safety and security;
- Financial reporting and closing;
- Inventory management;
- Human resource management;
- Conversion and Production; and
- Logistics management and compliance with custom regulation.

Throughout the year, BDO GA performed the followings jobs:

- Performed audit assignment as per annual internal audit plan approved by the AC;
- Identified auditable areas and performed the business processes reviewed;
- Reported directly to the AC the audit findings, including the risk rating, recommendations and management response;
- Closely monitored the deadline and effectiveness of corrective actions implementation; and
- Reviewed the Group's status of compliance with established policies, practices, and statutory requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement is made pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (Main LR), the Board of Directors (Board) of public listed companies is required to include a statement in their annual reports which outlines the state of risk management and internal control within P.I.E. Industrial Berhad (PIE) and its subsidiaries [the Group].

The Board is required to address Practice 9.1 and 9.2 of the Malaysian Code on Corporate Governance ("MCCG" or the "Code") in the Statement on Risk Management and Internal Control for the financial year ended 31 December 2020 (FY2020) which was prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the Guideline) which is issued by the Taskforce on Internal Control.

BOARD RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of risk management and internal control within the Group, and affirms its overall responsibility to review the adequacy and effectiveness of the system help to achieve the following objectives:

a) safeguarding shareholders' investments and assets of the Group;
b) effectiveness and efficiency of the Group's operations;
c) compliance with applicable laws and regulation;
d) compliance with Code of Ethics;
e) integrity and reliability of information and reporting; and
f) identifying, assessing and mitigating risks.

However, in view of the inherent limitations in any system, our risk management and internal control system can only provide reasonable but not absolute assurance against material misstatements of management and financial information, financial frauds or losses, and unforeseen emerging risks.

The Board is responsible for overseeing risk management and internal control system along with the Audit Committee (AC), which is assisted by the Risk Management Committee (RMC).

In coordination with Internal Auditors and their support on risk measurement methodology, the RMC conducted annual brainstorming sessions with senior management teams of the concerned strategic business unit to identify any risk related issues within the Group's operating environment. The identified risks were then recorded, the likelihood and impact of the risks were assessed, a risk profile along with the recommended actions required to mitigate the risks were developed and presented to the AC and the Board to review and evaluate the effectiveness of the risk management system.

With regard to internal control, the adequacy and effectiveness of internal controls were reviewed by the AC in relation to the audits performed by the Internal Auditors during the year. The audit issues and the actions taken by management presented by the Internal Auditors were deliberated during the AC meetings. Minutes of the AC meetings are tabled to the Board periodically. More details on the activities undertaken by the AC are shown in the section of AC Report.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board considers Enterprise Risk Management (ERM) as all measures should be taken to reduce exposure to risk in order to achieve the Group's business objectives. Therefore, ERM is integrated with all levels of corporate and business processes and to ensure it is considered in the normal course of corporate and business activities.

The Group has developed an ERM framework after adopting ISO 31000: 2018 Risk Management – Guidelines. In our risk management process, the RMC identify, assess and evaluate risk collectively with various management teams.

The purpose of ERM is the creation, preservation, and realization of value. It improves performance, encourages innovation and supports the achievement of the Group's objectives. It also helps the management operate effectively, protect our employees and assets, make informed decisions, and comply with relevant laws and regulations.

ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

The benefits of implementing and maintaining a successful ERM system include:

i. increase the range of opportunities available to the Group to achieve its mission and business objectives;
ii. increase positive results and benefits while minimising negative surprises and related costs or losses;
iii. helps identify and manage risks;
iv. minimise variances in performance and reduce interruptions;
v. optimising resource deployment by providing risk information to assess the costs and benefits in decision-making;
vi. increase organisational resilience and flexibility by helping management identify and respond to internal and external changes in a timely and embedded manner, and
vii. improve collaboration, trust, and information sharing across the organisation, and create a common enterprise approach.

The Group's risk management process is described in the following table:

1. Information gathering	• To obtain relevant information through the following methods: a) Interviews and discussion conducted with the Managers and Officers of the major subsidiaries to gather information on and to gain insight of the operating environment of the company. b) Audited and draft financial statements. c) Previous risk management reports.
2. Risk identification	• Identify risks that affect the Group in business activities from the information gathered. • Enable early detection of risk and ensure sound risk management practices are in place to manage the risk and appropriate actions are taken to mitigate the Group's exposure to risk. • Four risk categories such as strategic, operational, financial and compliance.
3. Risk quantification	• The risks identified are then quantified for their impact on the organization. • The level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to be high risk, medium risk and low risk. • A risk event may have a combined score of (1) up to (25) depending on its likelihood and impact scores. • The risk will be mapped into the following risk heat-chart:

LIKELIHOOD \ IMPACT	1	2	3	4	5
5	M	M	H	H	H
4	M	M	M	H	H
3	L	M	M	M	H
2	L	L	M	M	M
1	L	L	L	M	M

ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

4. Risk responses	• For each risk identified, the management will have one or more of the following response options: a) AVOID the risk by not proceeding with an activity which generates the risk. b) TREAT the risk by applying controls to minimise the likelihood or impact of the risk. c) TRANSFER the risk by sharing the impact of the risk with outside parties such as insurance or joint venture. d) TOLERATE the residue (balance) risk if it is within the organization's risk appetite.
5. Control strategies – identify, develop and implement	• The relevant control strategies are identified for each type of risk response applied. • Develop quantitative and qualitative controls including risk limits and thresholds to oversee and manage the risk identified. • Implement risk mitigation actions aimed to minimise existing or in some instances to prevent new or emerging risks from occurring.

Based on the latest risk profile of the Group, the key risks are high dependency on foreign workers and employee retention. Further information on the Group's key risks and the control strategies in place to mitigate or manage those risks can be found on page 14 under the Management Discussion and Analysis of this Annual Report.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include:

- **Oversight by Respective Board Committee**

  The Board has delegated specific duties, roles and responsibilities to the respective board committees, namely AC, RMC and Nominating Committee (NC). These committees have the authority to examine all matters within the scope defined in their respective terms of reference and report their recommendations to the Board. NC reviews the effectiveness of the Board and performance of each individual director to ensure that the Board has the right size and the appropriate mix of skills and experience in achieving the Group's objectives and goals.

- **Group Organisational Structure**

  The Board has established a clear organisational structure with defined lines of responsibility and accountability communicated throughout the Group and aligned to the Group's business and operations requirements.

- **Code of Ethics for Director and Employee Handbook**

  Code of ethics provides guidance for establishing a standard of ethical behaviour for Directors. All employees of the Group are bound to follow the employee handbook where employment issues are dealt with fairly and consistently. Employee handbook contains ethical values in the Company, professionalism in all business practices, respect in the workplace, protection of the Company's property, and compliance with laws, rules and regulations.

- **Human Resource (HR) Standard Practices**

  There are HR standard practices for hiring and termination of employment and annual performance appraisal of employees. The appraisal is helpful to make informed decisions on promotion, increment, job changes or termination and further improve the productivities of the Group. Employees are encouraged to attend formal training and development programmes to ensure that employees acquire the necessary competencies to carry out their respective duties and responsibilities in achieving the Group's business objective.

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include (Cont'd):

- **Delegation of Authority**

  Appropriate authority delegations imposed on management as well as executive directors in respect of the day-to-day operation, investment, acquisitions and disposal of assets. This provides a sound framework of authority and accountability within the Group.

- **Policies, Standard Operating Procedures (SOPs) and Work Instructions (WIs)**

  Policies, SOPs and WIs are set out in operations manuals, guidelines and directives issued by the Group that govern the key business processes such as production, business development, procurement, finance, information technology and etc. The operating procedures are reviewed and updated from time to time to ensure compliance with internal controls, the relevant laws and regulations and continue to support the Group's business activities.

- **Periodical Meetings**

  Management meetings are conducted periodically to review and discuss about the current progress against the targeted results to ensure timely responses and corrective actions are taken. The Board receives and reviews reports from management on a regular basis to assess the Group's performance. These reports include the accounts and financial information reports which are tabled to the Board for approval. Release of quarterly financial results to the public is made after they are reviewed by the AC and approved by the Board at their quarterly meetings.

  The Managing Director and Chief Financial Controller are required to provide reasonable assurance to the Board that Group's risk management and internal control system are operating adequately and effectively in all aspects, based on the risk management and internal control system of the Group.

  The Executive Directors are also responsible for ensuring that the appropriate accounting policies are adopted and applied consistently, the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements of the Group is appropriate, and that prudent judgements and reasonable estimates have been made in accordance with the requirements set out in the MFRSs, IASs and Main LR to ensure that the Quarterly Condensed Consolidated Financial Statements of the Group do not contain material misstatements and give a true and fair view of the financial position of the Group.

- **Independent Assurance by Internal Audit**

  The internal audit function provides assurance on the adequacy and effectiveness of governance and internal control processes within the Group. Regular internal audit visits to review compliance with the policies and procedures and report any significant non-compliance. The Internal Control Review Reports FY2020 was prepared by outsourced Internal Auditor, BDO Governance Advisory Sdn. Bhd. (BDO GA) covered the review of the Group's two major subsidiaries namely Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. Audits are carried out on the core business processes of the Group to provide independent and objective reports on the operational and management activities of these subsidiaries. The audit findings, including the risk rating, recommendations and management responses to those recommendations are submitted to the AC for review at its periodic meetings. The internal control system is reviewed regularly to ensure that its functions are carried out as planned and remains effective.

- **Whistleblowing Policy**

  Whistleblowing policy to provide an avenue for employees to report any suspected fraud, unethical behaviour and improper conduct in the workplace in a safe and confidential manner.

  The Board confirms that the above elements are in place throughout the financial year under review and up to the date of approval of this annual report and financial statements. The Board is of the opinion that the existing system of risk management and internal control accords with the Guidelines and that it is adequate to achieve the Group's objectives stated above.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Managing Director and the Chief Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review. The representations made by the Group's subsidiaries in respect of their risk management and internal control systems have been taken into consideration by the Board in issuing this statement. Based on the assurance and the representations, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Main LR and pursuant to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Group for FY2020. AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers as set out, nor is the statement factually inaccurate.

CONCLUSION

The Board remains committed towards operating a sound system of risk management and internal control and therefore recognises that the system must continuously evolve to support the Group's businesses and the size of the Group's operations. As such, the Board, in striving for continuous improvement will put in place appropriate actions and plans, when necessary, to further enhance the Group's system of risk management and internal control.

This statement was made in accordance with a resolution of the Board dated 19 March 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of P.I.E. Industrial Berhad ("PIE" or the "Company") is committed to the implementation and maintenance of high standards of corporate governance (CG) practices within the Group in order to realise long term shareholders' value and safeguard the interest of other stakeholders.

The Board has taken necessary steps to continue its efforts in enhancing the CG practices adopted throughout the Group from time to time so as to promote business prosperity as well as fulfill higher level of expectation by regulators and stakeholders.

The Board presents this statement to provide shareholders and investors with an overview of the CG practices of the Company under the leadership of the Board throughout the financial year ended 31 December 2020 (FY2020). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG" or the "Code").

This statement is prepared in compliance with Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements (Main LR) and it is to be read together with the CG Report 2020 of the Company (CG Report) which is available on PIE's website at www.pieib.com.my. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the FY2020.

The Board is pleased to disclose the key focus areas in which the Company has applied throughout the FY2020 in relation to the 3 Principles as set out in the Code:

A. Board Leadership and Effectiveness;
B. Effective Audit and Risk Management; and
C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

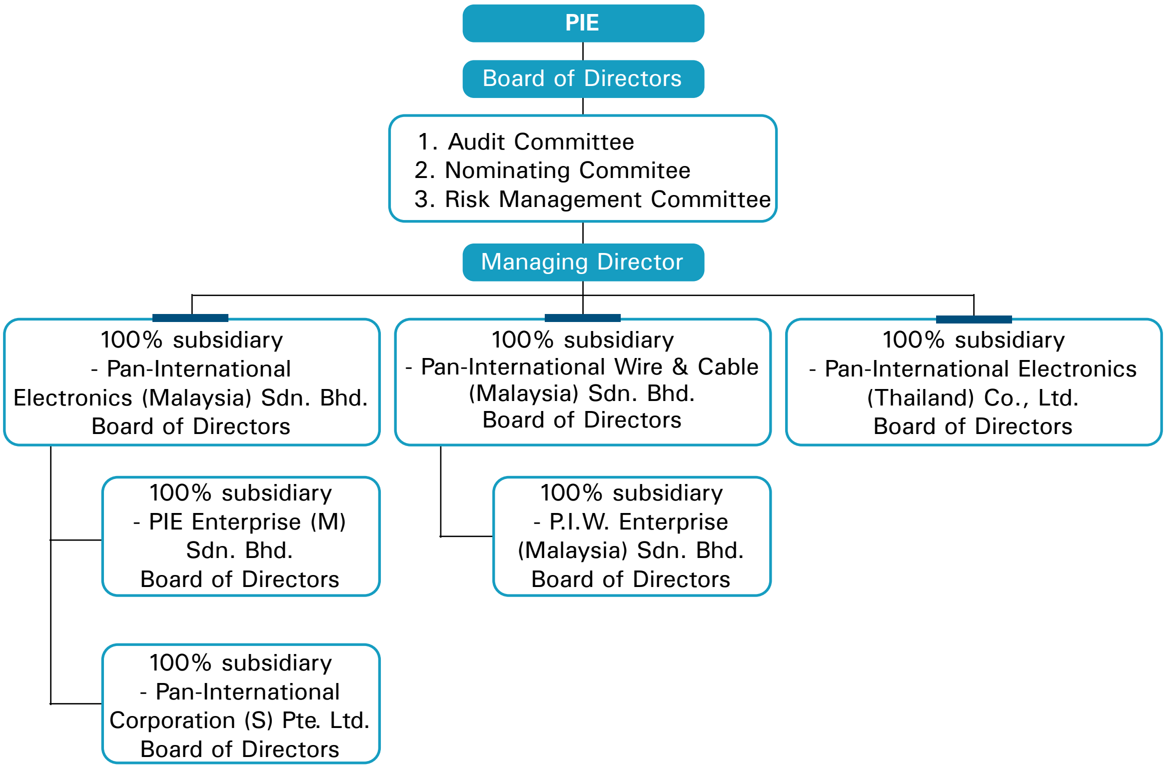
I. Board Responsibilities

The Board recognises its stewardship to lead the Group towards achieving the goals and objectives of the Company. The Board is mainly responsible for formulating and reviewing the strategic direction of the Company while providing effective oversight on Management's performance in carrying out the delegated duties for the sustainable growth of the Group and the creation of long term value to shareholders and various stakeholders.

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

I. Board Responsibilities (Cont'd)

In order to ensure effective discharge of the functions and responsibilities of the Board, the Board established an internal governance model for delegating of specific powers of the Board to the relevant Board Committees i.e. the Audit Committee, Nominating Committee and Risk Management Committee, the Managing Director (MD) and the Senior Management of the Company, as depicted below:



Responsibilities between the Board, Board Committees, individual Directors and Management within the Group are distinctly different to ensure they perform their duties more effectively and efficiently. The Board, Management as well as employees shall understand PIE's acceptable manner and behaviour practiced in their daily operations to strengthen ethics, integrity and transparency.

In leading and controlling the operations of the Group, the Board is assisted by the Board of Directors of each individual subsidiary that is primarily responsible to carry out decisions made by the Board. The Executive Directors of the Company also participated in the subsidiaries' management meeting to ensure that decisions made by the Board are disseminated and delegated effectively to the management of the subsidiaries.

The Chairman leads the Board by setting the tone at the top and managing the Board effectiveness by focusing on strategy, governance and compliance. During the FY2020, the Company continued the practice of conducting Audit Committee meeting before Board Meeting to allow discussion on any issues raised by the External Auditors and/or Internal Auditor for the Board's attention. All members of the Board and Board Committee received complete agenda and documents relevant to the meetings at least 7 days in advance to allow them to have sufficient time to review for effective discussion and decision making during the meetings. To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every year. The meeting calendar for the proposed Board meetings in the year 2021 was circulated on 12 November 2020.

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

I. Board Responsibilities (Cont'd)

The positions of the Chairman and MD are held by different individuals with clear and distinct roles which are documented in the Board Charter of PIE. The Board Charter serves as a primary reference for perspective and existing Board members of their fiduciary duties as Directors of the Company, the responsibilities of the Board Committees and the leadership function of the Board. The Board Charter will be reviewed periodically to ensure its relevance and compliance. The Board last reviewed its Charter on 26 February 2021 and the Board charter is available at its corporate website.

The Board has established a Code of Ethics for Directors. It includes principles relating to Directors' duties, conflict of interest and dealings in securities. Meanwhile, all employees of the Group are bound to the employee handbook which promotes integrity and ethical behaviour in all aspect of the Company's operations. This is to ensure that good standards of behaviour permeate all levels of the Group, and would help to prevent misconduct and unethical practices.

In compliance with the Section 17A of Malaysian Anti-Corruption Commission Act 2009 (MACC Act) on corporate liability for corruption offences, the Anti-Bribery and Corruption Policy has been adopted as part of the Company's commitment against all forms of bribery and corruption. Besides, PIE has implemented the Whistleblowing Policy to provide an avenue for employees or any external party to disclose any improper conduct or wrongdoing within the Group.

Further details relating to the Board Charter, Code of Ethics and Whistleblowing Policy are set out in the CG report and also available on Company's corporate website at www.pieib.com.my.

All Directors have direct access to the advisory services of the two (2) Company Secretaries who are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. In addition to the administrative matters, Company Secretaries also advised the Board on CG issues, compliance with the relevant policies and procedures, laws and regulatory requirements.

II. Board Composition

The Board acknowledges that an appropriate mix of knowledge, skills, industry experience, gender, ethnicity and age is fundamental to the right board composition to ensure that diverse perspectives and insights are expressed in the decision making process for the best interest of the Company.

The Board is assisted by Nominating Committee which is chaired by an Independent Director to review, amongst other, the structure, size and composition of the Board. Nominating Committee reviews the effectiveness of the Board and performance of each individual Director and assesses the independence of Non-Executive Directors of the Company on an annual basis to determine if the Board has the right size and sufficient diversity with independence elements that meet the Company's objectives and strategic goals:

- Vide an assessment conducted on 28 February 2020, the Nominating Committee reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively and the size of the Board remain relevant in the current size of the Group.

- On 26 February 2021, the duly completed valuation forms comprising the quantitative and qualitative performance criteria by each Directors were tabled at the Meeting for evaluation. Such evaluation including the assessment of the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole were carried out in respect of the FY2020. The Nominating Committee reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.

The Board is of the view that the appointment of Board member or management should be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background as well as gender. The Board will maintain or appoint more female board and key senior management representation in future which to be in line with the Code.

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

II. Board Composition (Cont'd)

The skillsets and diversity of the Board are as follows:

			Industry / Background Experience							By Composition								
										Age				Ethnic			Gender	
Directors	Nationality	Designation	Technology	Marketing	Industrial	Corporate	Accounting / Finance	Governance Risk and Compliance	Law / legal	30 – 39 years	40 – 49 years	50 – 59 years	60 – 70 years	Bumiputra	Chinese	Foreign	Male	Female
Wong Thai Sun	Malaysian	Chairman/ Independent Non-Executive Director				√	√	√					√		√		√	
Mui Chung Meng	Malaysian	Managing Director	√	√	√	√							√		√		√	
Loo Hooi Beng	Malaysian	Independent Non-Executive Director				√	√	√				√			√		√	
Koay San San	Malaysian	Independent, Non-Executive Director					√	√		√					√			√
Lee Cheow Kooi	Malaysian	Non-Independent, Non-Executive Director	√	√	√	√						√			√		√	

Following the appointment of Mr. Lan, Kuo-Yi as an Executive Director on 19 March 2021, the Board composition as of the date of this Annual Report is as follows:

Directorate	**Composition**
Independent Non-Executive Directors	3
Executive Directors	2
Non-Independent Non-Executive Director	1

Tenure of Independent Non-Executive Directors	**Composition**
> 12 years	1
> 1 year	2

Gender	**Composition**
Male	5
Female	1

Age	**Composition**
30-39	1
40-49	1
50-59	2
60-70	2

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

II. Board Composition (Cont'd)

Following the appointment of Mr. Lan, Kuo-Yi as an Executive Director on 19 March 2021, the Board composition as of the date of this Annual Report is as follows (Cont'd):

Race / Ethnicity	Composition
Chinese	5
Foreign	1

As of the date of this annual report, the Board comprised six (6) members [five (5) members – 30 April 2020 (the date of Annual Report 2019)]. The percentage of women representation on the Board of PIE was 17% [20% – 30 April 2020]. The independence element of the Board was reduced from 60% (FY2019) to 50%.

Notwithstanding the recommendation of the Code, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Independent Non-Executive Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs.

III. Remuneration

The Board has in place policies and procedures to determine the remuneration of Directors. Given the present size of the Board, the Board has decided not to set up a remuneration committee as recommended by the Code. The Remuneration Policy is available on the Company's corporate website at www.pieib.com.my.

The detailed disclosure on named basis for the remuneration of individual Directors and Top Five Senior Management of the Group for the FY2020 are disclosed in the Directors' Profile of this Annual Report and CG Report respectively.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprises three (3) members, all of whom are Independent Directors and is chaired by an Independent Non-Executive Director, Mr. Loo Hooi Beng who is not the Chairman of the Board to ensure the effectiveness and independence of the Committee. Mr. Loo is a Chartered Accountant of the Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the Main LR.

The Board has put in place the Terms of Reference of the Audit Committee that requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. Nonetheless, there was no former key audit partner being appointed as an Independent Director or member of Audit Committee.

The Audit Committee has adopted the policies and procedures to access the suitability and independence of External Auditor. The Audit Committee is guided by, amongst others, External Auditors Evaluation Form recommended by MCCG Guide 3rd Edition and Paragraph 15.21 of the Main LR.

II. Risk Management and Internal Control Framework

The Board meets its responsibilities in the risk governance and oversight functions through its Risk Management Committee in order to manage the overall risk exposure of the Group. The Risk Management Committee assessed and monitored the effectiveness of the risk management framework while Audit Committee reviewed the adequacy and effectiveness of the internal control of the Group.

On 18 February 2020, Ms. Koay San San, an Independent Non Executive Director was invited to chair the Risk Management Committee Meeting to discuss and review on the risks of the major subsidiaries with the Department Heads or Sections Heads, and the said discussion or review are as set out in the Risk Management Report dated 28 February 2020.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

II. Risk Management and Internal Control Framework

The Company has engaged an external professional firm to carry out internal audit function and provide independent assurance on the adequacy and effectiveness of the internal control of the Group. The Audit Committee reviewed and deliberated on the audit findings including risk rating, recommendations and management responses to those recommendations based on the audit assignment carried out by the Internal Auditors.

On 19 March 2021, the Board received assurance from the Managing Director and the Group Financial Controller that the Group's risk management and internal control system in place during FY2020, is operating adequately and effectively to safeguard the Group's assets, as well as shareholders' investments, and the interests of other stakeholders.

Further details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I. Communication with Stakeholders

PIE ensures that its communication with the shareholders and various stakeholders is effective, transparent, timely and with quality disclosure. The Company also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on PIE's website and engagement through the investor relations function.

II. Conduct of General Meetings

The Board acknowledges that Annual General Meeting (AGM) is an important means of communicating with its shareholders. Therefore, PIE dispatched its notice of the 23rd AGM to shareholders at least 28-days before the AGM, which is in line with Practice 12.1 of the Code. Shareholders are given sufficient time to make arrangement to attend the AGM of the Company which was conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) Facilities either in person or by corporate representatives, proxies or attorneys.

During the 23rd AGM of the Company held on 30 June 2020 at the Broadcast Venue of PIE's conference room, all members of the Board, representatives of the Management and external auditor attended the meeting to respond to the questions raised by the shareholders or proxies. Announcement of the detailed results of the poll voting had been made to the public via Bursa LINK on the same day for the benefit of all shareholders.

This statement was made in accordance with a resolution of the Board dated 19 March 2021.

SUSTAINABILITY STATEMENT

The unprecedented situations with the Coronavirus Disease 2019 (COVID-19) have changing the world and also impacting the way that organisation operate. P.I.E. Industrial Berhad ("PIE" or the "Group") is adaptable to stay resilient towards changing circumstances with more concentrate on the Group's risks and opportunities in the Economic, Environmental and Social (ESS) aspects. We continues to operate our businesses which include the incorporation of sustainable business practices and initiatives to protect the environment, ensure the well-being of our employees, provide our customers with high quality products, develop long-term relationships with our suppliers and fulfill the interest or expectation of our stakeholders. Sustainability contributes to the overall effectiveness of the Group and achievement of sustainable development globally known as the 17 Global Goals set by the United Nations, without compromising the Group's ability to carry out our business.

SUSTAINABILITY WITHIN OUR BUSINESS

PIE recognises the responsibility of the Group to demonstrate sound business practices that generate positive impact on the environment, economy and society. Therefore, we continue to communicate our initiatives in addressing sustainability matters to our stakeholders through the Sustainability Statement (the Statement).

The Statement will cover the business operation of two of its Malaysian subsidiaries, namely Pan-International Electronics (Malaysia) Sdn. Bhd. (PIESB) and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (PIW) (collectively known as "PIE" or the "Group" in this Statement), as these subsidiaries contribute approximately 98% of the Group's total revenue. Unless otherwise stated, the scope of the Statement covers the period from 1 January 2020 to 31 December 2020. Historical information was included to provide comparative data where necessary.

This Statement is prepared in accordance with the Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements (Main LR) and guided by the Sustainability Reporting Guide and Toolkits (Second Edition) issued by Bursa Securities.

Sustainability of our business at PIE is supported by three Sustainability Pillars of Economic Growth, Environmental Management and Social Contribution which integrated into the Group's strategy. With these Sustainability Pillars, PIE is committed to creating value for our business through innovation with accelerating human capital development while maintaining environmental friendly awareness.

As an Electronics Manufacturing Services (EMS) provider, product innovation is fundamental to the growth and future development of the Group. Therefore, we are committed to continuously meet customers' needs and expectations with the advancement in technology in order to maintain our competitive edge. It is also necessary that PIE creates a healthy and safe working environment through sound policies and standard procedures as we understand that employees are our main asset to accomplish productive work towards the Group's objective. Nonetheless, carrying out business operations with environmental friendly awareness is also important to the Group. We aware of the impact our businesses have on the overall appearance of the surrounding environment and we should put extra efforts into our day-to-day business operations in an environmentally sustainable manner.

SUSTAINABILITY GOVERNANCE STRUCTURE

Our sustainability governance structure is depicted as follow:

Board of Directors

Sustainability Working Group

Head of Departments

The Board of Directors of PIE (the Board) is responsible for setting the sustainability strategies and overseeing the management of all sustainability matters to ensure our goals are met through the sustainable manner integrated into our business operations.

Sustainability Working Group (SWG) was formed in year 2017. SWG oversees the implementation of sustainability strategies and evaluates overall sustainability related risks and opportunities. SWG is responsible to ensure proper implementation of sustainability initiatives are being carried out throughout the Group.

SWG is chaired by the Chief Financial Controller and supported by the Head of Departments from various functions within the Group such as human resources, finance, supply chain, warehouse, quality control, business development and productions. They are responsible for monitoring of sustainability initiatives and reporting on the performance of processes and controls associated with managing the sustainability matters.

STAKEHOLDER ENGAGEMENT

PIE seeks to create shared value by staying connected with all the internal and external stakeholders in the ongoing journey to be a more sustainable business entity. Continuous communication allows PIE to understand their interests and concerns towards the business that can help the Group to find opportunities for growth in sustainable development.

A summary of the stakeholders we engaged with, the methods of engagement with frequency, the areas of interest and our goals are shown in the following table:

Stakeholder	Engagement Methods	Frequency	Areas of Interest	Our Goals
Investors/ Shareholders	• Annual General Meetings • Annual Reports • Interim results • Public announcement • Corporate website and investor relationship channel • Press release	• Annually • Annually • Quarterly • Ongoing • Ongoing • As required	• Operational and financial performance • Shareholder value (e.g. dividend and capital gain)	To provide reliable disclosures on the interim financial reports that complied with relevant laws and regulatory requirements and timely updates of business performance and corporate developments.
Employees	• Induction training • Learning and development programmes • Formal meeting and group discussion • Corporate organised events • Performance appraisals	• As required • Ongoing • Ongoing • Ongoing • Annually	• Equitable remuneration • Career development and training opportunities • Workplace safety and health • Fair employment practices	To provide a safe and healthy workplace with good employee welfare, equal employment opportunities and job-related training.
Customers	• Customer audits • Customer satisfactory survey • On-site visits at the Group's premises • Face-to-face interactions	• Ongoing • Semi-Annually/ Annually • Ongoing • Ongoing	• Product quality • Production capacity • Customer services	To build strong relationship with our customers through regularly efficient communication, ensure customer satisfaction with our products and services, seek continuous feedback and adherence to quality performance standards.
Suppliers	• Supplier selection through pre-qualification • Key supplier audit • Supplier survey form • Briefings and meetings • Scorecard	• As required • Ongoing • Ongoing • Ongoing • Monthly	• Agreeable contracts • Terms of payments • Maintaining long term partnerships	To uphold fair and responsible procurement practices across the supply chain.
Government and regulators	• Official visit and meeting • Participation in government programmes	• As required • As required	• Compliance with applicable laws and regulations • Economic, Environmental and Social impacts	To comply with all applicable laws and regulations.
Local communities	• Donation and sponsorship • Participation in local community activities	• Ongoing • Ongoing	• Creation of employment • Community development • Environment protection	To fulfil our responsibility as a responsible corporate citizen.

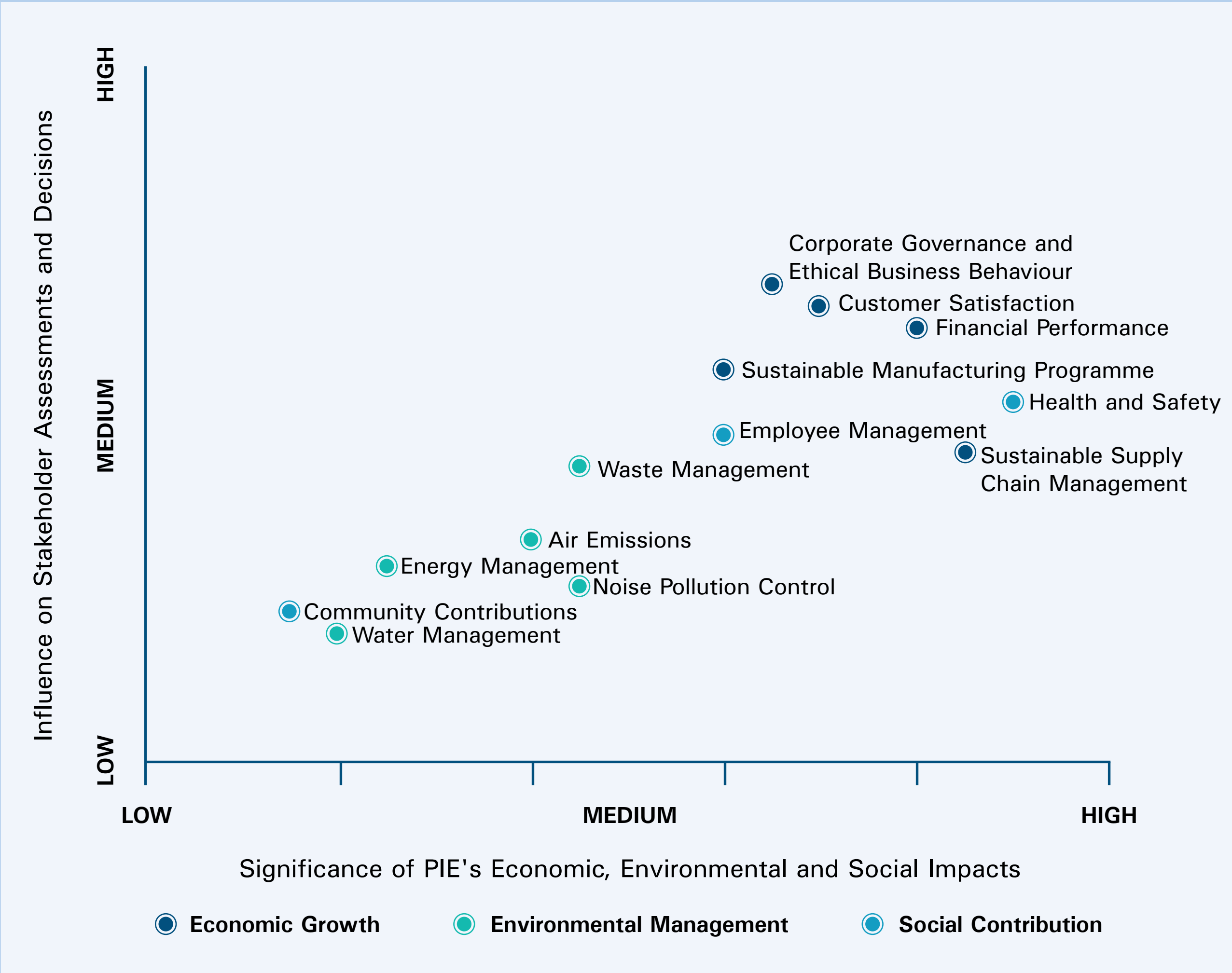
MATERIALITY ASSESSMENT

Materiality assessment process was conducted by SWG to identify economic, environmental and social risks and opportunities (sustainability matters) which have significant impact on our businesses and substantively influence our stakeholders' decisions and interests. Vide the guidance of the Sustainability Reporting Guide and Toolkits issued by Bursa Securities, SWG has identified various sustainability matters pertaining to the Group and the industry we operate in. Subsequently, the sustainability matters which have greater impact on our business and stakeholders were prioritised by senior management. We also took into consideration the feedback received in various interactions with our stakeholders on the importance of each sustainability matter. Following this process, we can better monitor our performance in sustainability matters.

The outcome of the materiality assessment, as shown in diagram below, was presented to the Board of Directors on 19 March 2021. Corporate Governance and Ethical Business Behavior, Financial Performance, Health and Safety are the top material sustainability matters which are highly significant to PIE and both our stakeholders.

The results of the materiality assessment are portrayed in Materiality Matrix, as depicted in the following Diagram.

MATERIALITY MATRIX



There are thirteen (13) material matters are categorised across three (3) main sustainability themes i.e. creating value through innovation, human capital development and environmental friendly awareness. Details on our sustainability initiatives towards managing these identified material matters are discussed in the subsequent sections of this Statement.

MATERIALITY ASSESSMENT (CONT'D)

The Group linked each material matter to the Sustainability Pillars and mapped it against the United Nations Sustainable Development Goals (SDGs) as shown in the table below.

Themes	Material Matters	Sustainability Pillars	United Nations Sustainable Development Goals
Creating Value through Innovation	Financial Performance	Economic Growth	8 DECENT WORK AND ECONOMIC GROWTH
	Customer Satisfaction	Economic Growth	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Corporate Governance and Ethical Business Behaviour	Economic Growth	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Sustainable Manufacturing Programme	Economic Growth	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Sustainable Supply Chain Management	Economic Growth	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Human Capital Development	Employee Management	Social Contribution	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Health and Safety	Social Contribution	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
	Community Contributions	Social Contribution	10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES
Environmental Friendly Awareness	Waste Management	Environmental Management	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
	Air Emissions	Environmental Management	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
	Noise Pollution Control	Environmental Management	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Energy Management	Environmental Management	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
	Water Management	Environmental Management	6 CLEAN WATER AND SANITATION; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CREATING VALUE THROUGH INNOVATION

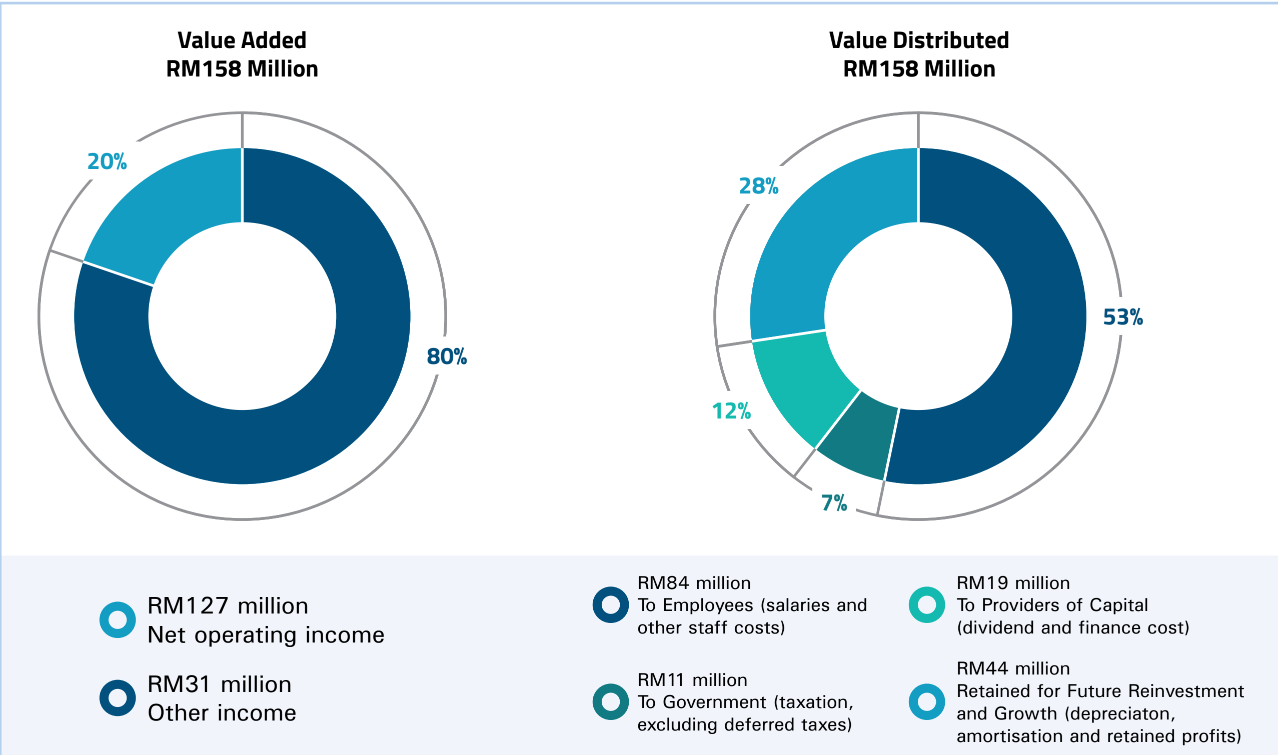
With increasing competition in current global marketplace, we continue to strengthen our competitiveness as we believe that innovation is the key driver of business success. At PIE, we aim to fulfill customers' requirements by leveraging our expertise and deliver quality and innovative products with cost optimisation through efficiently aligning our operation processes in order to create greater value to our customers.

Financial Performance

PIE's financial performance is of great importance to our stakeholders where sustainable growth allows us to strengthen partnership with customers and suppliers with our quality and innovative products while upholding integrity in our business activities. Besides, we recognise the importance of enhancing shareholders' value and providing returns to shareholders with stable share price movement and steady dividends distributed over time. We are continuously strive to achieve long term growth and business profitability as well as maintain our preferred supplier status and meet customers' requirements by providing fully vertically integrated one-stop EMS facilities and investing in machineries and infrastructure.

Financial performance has direct impact not only to our Company, but also to our stakeholders such as employees, investors and government. Strong financial performance is primary achievement to ensure sustainable growth and future success of the Company.

During the reporting year under review, the Group registered revenue of RM686.36 million, profit before tax of RM56.65 million, and net profit of RM45.60 million. Our direct economic value added and distributed by PIE to stakeholders is illustrated as below:



Further information on our financial performance can be found in Group Financial Highlights (Page 4) and Financial Statements (Pages 45 to 111) of this Annual Report.

CREATING VALUE THROUGH INNOVATION (CONT'D)

Customer Satisfaction

We understand that customer support is the key of success of our Company and are committed to customers' satisfaction level and the Group's economic success. Customer satisfaction begins at knowing and understanding customers' needs. Hence, we prioritise feedback from our key customers through customer engagement and surveys in improving the Group's services and delivery and customers' experience.

In FY2020, we continued to gather feedback and evaluate customer satisfaction from customers by distributing customer satisfaction survey forms to ensure effective communications with customers. PIESB and PIW engage their key customers biannually and annually respectively. The survey form mainly assesses key customers' level of satisfaction with our performance on quality, delivery, cost and service.

Tables below disclose the PIESB and PIW performance in various performance areas for the reporting year of 2019 and 2020.

PIESB	Target	2020	2019
Customer feedback			
Quality	A	B	C
Delivery	B	B	C
Cost	B	B	C
Service	A	B	C

PIW	Target	2020	2019
Customer satisfaction index	83%	83.77%	83.25%

In 2020, PIESB's customer feedback on quality and service were not able to meet the target. This was mainly due to unable to meet certain customers' requirement. PIW's customer satisfaction index increased from 83.25% in 2019 to 83.77% in 2020 and it achieved the target set by the management. This denotes that PIW's customers are satisfying with our high quality wire and cable products, short production lead time, speedy response time, helpful customer services team and on-time delivery services. Despite of positive feedback obtained, PIW endeavor to widen its range of product to meet our customers' requirements.

Relationships with our customer are tighten with adherence to the Responsible Business Alliance (RBA) Code of Conduct, which establishes a core set of requirements within the electronics industry that promoting safe working conditions, upholding human rights of workers and adopting environmentally friendly manufacturing processes. PIESB applies the RBA Self-Assessment Questionnaire (SAQ) to assess its own facilities, this is to ensure that PIESB comply with the RBA Code of Conduct and also operates in an accountable and ethical manner. The SAQ facilitates the identification of social, health and safety, environmental and ethical risks as we develop corrective action plans to manage those risks.

Corporate Governance and Ethical Business Behaviour

We recognize that good corporate governance practices and ethical business behaviour lay the foundation for sustainable development of the Group. PIE is committed to uphold the highest standards of governance, ethics, professionalism and business conduct as well as acting with integrity in strictly compliance of relevant laws, rules and regulations across our business operations at all times. In line with this commitment, we have placed several on-going initiatives and policies to maintain effective corporate governance across our businesses.

PIE strives to comply with the three (3) principles of the Malaysian Code on Corporate Governance 2017 as a framework to enhance shareholders' value and safeguard the interest of other stakeholders. Our corporate governance practices are summarised in the Corporate Governance Overview Statement in pages 23 to 28 of this Annual Report.

The implementation of Whistleblowing Policy provides employees of the Company and any external party an internal channel/procedure to report alleged unethical behaviour, improper business conduct, any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines without fear of reprisal and victimisation. This policy provides protection to the individuals who have made the allegation or reported the misconduct. There were no reported cases through the whistleblowing channel in 2020.

CREATING VALUE THROUGH INNOVATION (CONT'D)

Corporate Governance and Ethical Business Behaviour (Cont'd)

PIE's Code of Ethics for Directors is based on principles of sincerity, integrity, responsibility and corporate social responsibility. This Code of Ethics provides guidance for establishing a standard of ethical behaviour for Directors and upholding the spirit of responsibility and social responsibilities.

We communicate the code of conduct components such as compliance with laws, rules and regulations, respect to colleague in the workplace, protection of Company's property, professionalism in all business practices and etc. in the employee handbook to all employees to ensure they understand and uphold our ethical standards. Besides, Business Ethics Policy presents our obligations and commitments to ethical business practices while Labour Policy upholds the human rights of employees and ensuring all workers are treated with dignity and respect.

In compliance with the Section 17A of Malaysian Anti-Corruption Commission Act 2009 (MACC Act) on corporate liability for corruption offences, the Anti-Bribery and Corruption Policy has been adopted as part of the Company's commitment against all forms of bribery and corruption.

We will regularly review our policies to ensure they are relevant to the current business environment and compliance requirements. We encourage our employees to uphold the highest standards of integrity and accountability at all time. With our initiatives and policies in place, there were no cases of breaches in ethics and integrity conduct reported in 2019 and 2020.

More information on the Corporate Governance Report, Whistleblowing Policy, Code of Ethics for Directors and Anti-Bribery and Corruption Policy is available on the Company's corporate website at www.pieib.com.my.

Sustainable Manufacturing Programme

Our manufacturing activities are obviously boosted up as there is always an increasing demand for innovative and quality products with the rapid pace of globalisation and technology development. At PIE, we work closely with our customers and implement continuous improvement strategies that will meet their expectations at every process of the product development to deliver the best experience to our customer.

We adopt lean production process through Lean Manufacturing Programme for the replacement of offline process to achieve operational excellence in our production. Through the adoption of this programme, we are able to reduce wasteful processes and materials, detect the defects immediately and no hidden defects in our production, require less supervising resources, eliminate idle time as well as improve our overall quality and productivity. In 2020, we continue focus on achieving sustainability through process automation with the Lean Manufacturing Programme. Following our expansion plan, we invested further in machines and equipments to increase our productivity and automation.

The 5S workplace organisation method is an ongoing process applied as part of the Lean Manufacturing Programme. The principles of the 5S represents "Sort", "Set in Order", "Shine", "Standardise" and "Sustain". In addition of 5S, we have added another "S", namely "Safety" to enhance the role of 5S for eliminating workplace hazards and compliance of regulatory requirements. With the "5S + safety" workplace organisation method, we continuously maximise our workflow efficiency and effectiveness by maintaining a clean, organised and safe working environment as well as standardising the best practices in our workplace. Regular audits are performed at every production floor and the audit findings will be reported during weekly operation meeting for discussion and improvement according to the 5S planning.

Sustainable Supply Chain Management

Our Supply Chain Management Department is responsible to supervise and monitor the Group's supply chain-related activities inclusive of sourcing, purchasing and procurement control activities. We believe that having an established Supply Chain Management with sound procurement practices play a primary role in building long-lasting relationship with our suppliers. We have developed several initiatives to pursue sustainable supply chain.

CREATING VALUE THROUGH INNOVATION (CONT'D)

Sustainable Supply Chain Management (Cont'd)

As a responsible manufacturer, our initiatives start at the supplier selection process where we require our suppliers comply with RBA Code of Conduct requirements in PIESB and commit to non-used of the REACH Candidate List of Substances of Very High Concern (SVHC) in PIW. The suppliers we work with must meet the standards of ethics and business integrity on both social and environmental criteria.

We endeavour to purchase locally as part of our ongoing efforts to stimulate the local economy. However, PIESB need to engage with foreign suppliers as most of the customised materials used in the production can only be purchased from the customer appointed suppliers, which is mainly from overseas and a part of locally authorised distributors. In additions, PIESB have to work closely with headquarter's strategic supply chain group in China in order to achieve the best pricing via volume purchases.

Table below shows the percentage of local and foreign purchase of raw materials in year 2019 and 2020.

Percentage of local and foreign purchases of raw materials	2020		2019	
	Local	Foreign	Local	Foreign
PIESB	25%	75%	31%	69%
PIW	78%	22%	87%	13%

Percentage of local purchases of raw material in PIESB and PIW has reduced 6% and 9% respectively in 2020 as compared to 2019. The main reason was due to the sourcing from foreign suppliers offer more cost-effective to the Group as compared to the goods available locally. Nonetheless, PIW still remains its supportive role through procure locally which achieved 78% in 2020.

To ensure our sustainable supply chain, our sourcing department conducts annual supplier requalification evaluations to randomly selected suppliers. In 2020, we did not perform plant audit due to the outbreak of COVID-19. Hence, we have increased the number of suppliers evaluated through audit checklist sent by email to thirty-four (34) from twenty (20) suppliers in 2019.

HUMAN CAPITAL DEVELOPMENT

At PIE, our people are committed to produce beneficial outcome to the Group, our customers and local communities. As such, we continue our effort on promoting healthy and safe working environment, improving career development plan as well as delighting our employees through enhanced employees' welfare. We acknowledge that a motivated workforce contributes to the Group's overall performance in delivery quality and innovative products to customers. On the other hand, local communities are indirectly giving support on our business development. We keep on making mutually positive relationship with the local communities where we operate through participation in local community activities.

Employee Management

We believe that employees are playing their main roles to ensure sustainable growth and continuing success of our business all these years. It is undeniable that employees' commitment and efficiency have an effect on total output of the Group. We apply 3R strategy which represents "Recruit", "Retain" and "Reinforce" for employee management approach to foster an engaged work environment where our employees feel valued at work.

Recruit

Our recruitment processes adhere strictly to our Labour Policy where every individual has an equal right to be selected as our employee regardless of their background. We attract the right mixture of skill and experience based on employees' merit to meet various business needs of the Group. We are not merely sourcing for experienced candidates while recruiting fresh graduate or young generation to bring fresh perspective to the Group.

As at 31 December 2020, the Group has a total workforce of 2,718 employees. This represents an increase of 18.4% from a workforce of 2,296 employees in 2019. We enhanced our recruitment activities due to the expansion of the PIESB's operations in 2020.

HUMAN CAPITAL DEVELOPMENT (CONT'D)

Employee Management (Cont'd)

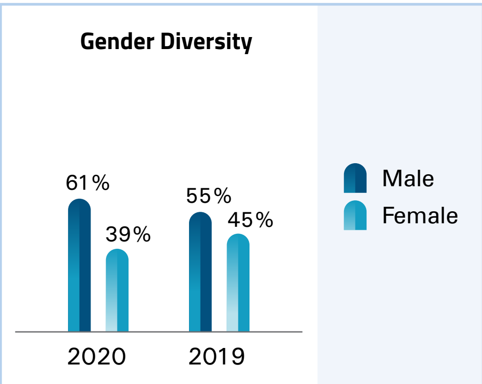
Recruit (Cont'd)

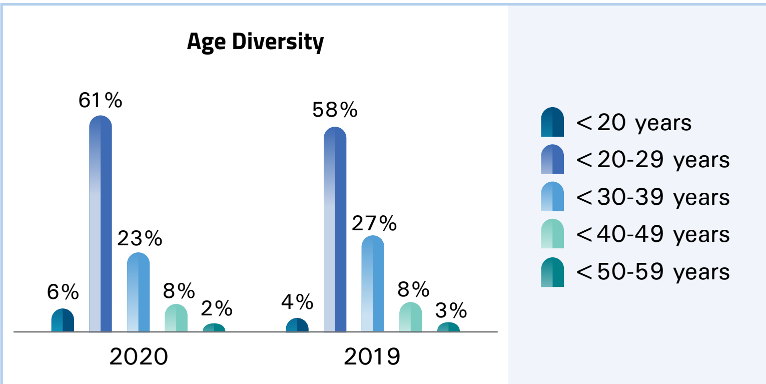
During the reporting year, the combined number of full-time employees of PIESB and PIW comprised of 54% Malaysians with 74% Bumiputera, 19% Chinese and 7% Indian and the remaining 46% from other countries including China, Taiwan, Myanmar, Indonesia, Vietnam, Nepal and Bangladesh. This shows that the percentage of local workers has doubled from 28% in 2019 to 54% in 2020. Obviously, we hired more local workers than foreign workers in 2020 as compared to previous years due to Malaysia Government implemented Movement Control Order (MCO) to prevent the spread of COVID-19.

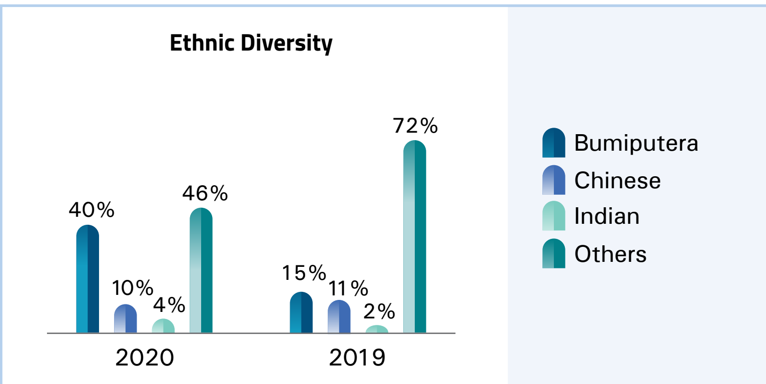
As an EMS provider, a major part of our workforce consists of direct workers. They are 74% of the combined number of full-time employees of PIESB and PIW work as production operators in 2020.

As stated in our Labour Policy, we prohibit all forms of discrimination in our workplace and therefore nurture an environment that does not discriminate upon race, age, gender, religion, expression, national origin, pregnancy, marital status or any disability. To comply with all appropriate local and international regulations on the restriction on the employment of child labour and the protection of young workers, we will only employ individuals with the age of 18 and above.

We believe a diverse workforce is the beginning stage for lasting success of our businesses. In 2020, our workforce in PIESB and PIW was represented by 61% male and 39% female. The largest proportion with 67% of our employees is aged below 29. The demographics of our diverse workforce in 2019 and 2020 are illustrated as below:







HUMAN CAPITAL DEVELOPMENT (CONT'D)

Employee Management (Cont'd)

Retain

We continue to attract and retain the suitable talent by providing fair opportunities and attractive remuneration package to make them to perform the best for the Group's benefits. To this end, we have implemented a comprehensive employees' welfare scheme which is managed by Human Resource Department to compensate our employees equally.

We comply with the applicable local statutory and regulatory requirements on wages and benefits such as the Minimum Wages Order, Employees' Provident Fund, Social Security, Employment Insurance System, Foreign Workers Hospitalisation and Surgical Scheme and leaves provision. Apart from these, we maintain a competitive remuneration package and employment benefits such as personal accident insurance, medical insurance, annual medical check-up, meal allowance, transport allowance, panel clinics or medical fee, car park facility and uniform. In additions, annual increment and bonus are offered to our employees based on their performance, position and service length.

Our employees enjoy rest days during weekends as well as federal and state holidays. They are also entitled to annual leaves, sick or hospitalisation leave, wedding leave, maternity leave and compassionate leave. Employees are encouraged to participate in various engagement activities such as fundraising events, team building activities and annual dinner organised by the Group to build stronger fellowship and improve team communication.

Reinforce

We remain emphasis on providing constructive trainings and development programmes in order to keep our employees' growth at their career path as customer expectations continue to evolve in a digital era now. Therefore, we continue to promote continuous learning initiatives and conduct a variety of training programmes in 2020 which recording 4750 hours in training and developments.

During the year, our employees attended various trainings related to technical skills, management trainings, latest updates and development programmes. These opportunities enable our employees to improve capability on their occupational skills and develop their personal growth, also help them to be ready for taking new responsibilities on the on-going expansion of operations of the Group.

The technical skills trainings are conducted to improve our machine operators' aptitude for routine work experiences. Management trainings are to furnish our employees with the soft skills required for them to assume bigger roles within the Group. Meanwhile, latest updates and development programmes are to provide our employees with the latest updates on the relevant rules and regulations and most recent changes in related fields. Moreover, all new employees will have to attend the induction training on the first day report to the Company so as to induct new employees into our Group.

Health and Safety

We are always taking necessary steps to maintain a healthy and safe working place to protect all our employees, visitors such as customers, suppliers and contractors as well as local communities. At PIE, Environment, Health and Safety (EHS) management system outlines the relevant processes and procedures to seek continuous improvement in our EHS performance and ensure our businesses are operated in a secure, safe and healthy work environment.

We implement Safety and Health Policy throughout the Group with the objectives of improving EHS management system, providing adequate training on environmental protection, workplace safety and health hazards, using safety management techniques to minimize EHS incident and achieving the highest EHS performance.

Our Safety and Health Committee are in placed to oversee the Group's safety-related matters, monitor the EHS performance and recommend actions required for further improvement. They are responsible for reviewing the Safety and Health Policy to ensure compliance with Occupational Safety and Health Act 1994 and environmental requirements as well as any other applicable regulations. Moreover, Safety and Health Committee is also tasked to review the EHS management system periodically to ensure its effectiveness and appropriateness.

HUMAN CAPITAL DEVELOPMENT (CONT'D)

Health and Safety (Cont'd)

In 2020, we achieved zero work-related accident case reported with our effective EHS management system. However, we are continuously raising awareness on health and safety measures among employees towards the potential risks in our operations to prevent workplace incidents.

During the year, our initiatives in addressing health and safety issues included but not limited to:

- All injuries regardless of the severity, any chemical spillage, any finding of unsafe condition must be reported to Safety and Health Committee members for their immediate further investigation.
- Implementation of 5S by removing all unnecessary items, keeping the tools, equipments and facilities in its place when not in use, cleaning the work area before going back home, standardising the safe practices i.e. keep fire escape route, firefighting equipment and walkway free of obstruction and maintaining the 5S procedures at all time.
- Smoke only at designated area.
- All employees have access to utilise the necessary Personal Protection Equipment (PPE) such as safety shoes, safety helmet, safety glasses, ear plugs, respirators, face shields, gloves and etc.
- Warning signs and labels or signage of chemical substance are posted at production and chemical store.
- Vehicle speed limit inside our premise is not more than at 20 km/hr.
- Portable extinguisher and sprinkler valves are available and ensure they are in good condition by conducting quarterly internal safety audit and monthly inspection by fire protection contractor respectively.
- Emergency response plans such as annual fire drill exercise.
- Safety briefings are provided to all visitors or contractors who work temporarily in our premises and educate them on potential hazards and precautionary measures.
- First-aid kits are available for treatment of work-related injuries.
- Weekly 5S and safety audits are conducted by the Safety and Health Committee.
- Employees are prohibited to use personal electrical equipment and appliances that pose a potential threat to the facility and occupants or consume excessive amounts of electricity.

With response to the outbreak of COVID-19 pandemic, PIE adheres strictly to the Standard Operating Procedures (SOP) set by the Ministry of Health (MOH) and Ministry of International Trade and Industry (MITI) at all times. We have implemented various precaution actions to mitigate our employees' potential exposure to COVID-19 as follows:

- Body temperature checking at the entrance of all plants;
- Distributing face masks to employees;
- Wearing face masks;
- Providing hand sanitizers all around the plants;
- Maintaining social distancing with others;
- Daily disinfecting workplace and transportation;
- Packing food package by canteen caterer;
- Publishing COVID-19 awareness posters at strategic area; and
- COVID-19 test for employees.

Safety and Health Committee is accountable to ensure that EHS related trainings are arranged appropriately and carried out throughout the Group. Our efforts are on raising our workforce's awareness on EHS matters with plenty of training sessions. In view of this, we continue to provide safety induction course for new hirer upon joining the company. Fire fighting training was carried out for Emergency Response Team (ERT) members to equip them with proper knowledge and skills for any potential emergencies. 5S and safety awareness training was conducted to improve our employees' safety awareness and emergency response competencies.

Community Contributions

We are committed to take part in corporate social responsibility activities and give back to the local communities where we operate. One of the best ways to support our community is to help out the businesses in the area. We set "buying local products" as often a higher priority and cross networking with non-competing companies in the local markets which helps us to reach more people and help out other local business owners.

HUMAN CAPITAL DEVELOPMENT (CONT'D)

Community Contributions (Cont'd)

In 2020, we recorded RM147.71 million on local purchases of raw materials and invested approximately of RM28.97 million in building and facilities to expand production space and enhance our operational competencies in PIESB and PIW. As a prominent player in local EMS industry, we have an area of expertise that is of value to others in the local community and offering valuable knowledge and specialised skills to our employees, who are mostly local residents.

ENVIRONMENTAL FRIENDLY AWARENESS

We endeavor to manage our business operations in an environmentally friendly manner to ensure that we are complying with all relevant environmental regulatory requirements and adhering to acceptable limits set by local authorities. If limits are not in place, we strive to operate at an acceptable level with minimal impact on environmental concern. We have enhanced our productivity without compromising the quality of our products while restraining the likely impact to the environment through the adoption of our sustainability initiatives.

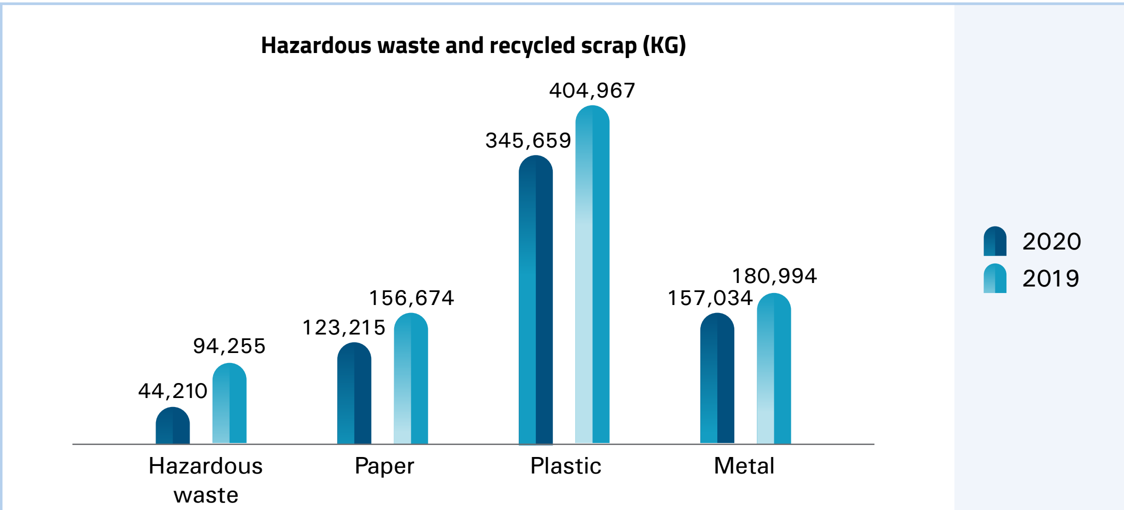
Waste Management

As an EMS provider, our manufacturing processes produce various type of waste. Bearing this in mind, we are committed to responsible waste management practices in order to ensure compliance with all relevant laws and regulations. Chemical spillage and handling training was conducted to Schedule Waste Handler to handle schedule waste in a correct manner. Our waste management is overseen by our Safety Officer and governed by our Environment Policy and Waste Management Procedures.

Waste Management Procedures are in place to standardise waste disposal practices and waste management initiatives. We categorise our waste into two types which are scheduled waste and general waste. All scheduled waste is collected by Department of Environment (DOE) approved contractor, in accordance with the Environmental Quality (Scheduled Waste) Regulations 2005 of the Environmental Quality Act (EQA) 1974. Scheduled waste are kept in metal container with cover and proper labelling and stored at sheltered scheduled waste store. In 2020, there are total nine (9) and one (1) type of scheduled waste generated by PIESB and PIW respectively which have been notified to DOE. Meanwhile, general waste that we generate includes recyclable scrap such as paper, plastic and metal and non-recyclable waste such as food waste. General waste is scrapped or collected by waste collectors for recycling or disposing at the landfills.

In 2020, we had a drop in recycled scrap as we generated a lower amount of general waste through our efforts put in the 3R Concept – Reuse, Reduce and Recycle of our waste whenever possible at every stage of our operations. This year, we continue to strengthen our waste management practices by overseeing the Group's waste management performance and recycled activities carried out throughout the Group. Our ongoing initiatives include developing standardised waste disposal procedures, providing designated waste storage area, tutoring our employees on proper waste labelling and waste separation according to the waste category. We also redesign packaging by increasing the number of cavity per tray and reuse the verified tray to enjoy cost saving and mitigate environmental impact.

The hazardous waste collected by approved contractor and recycled scrap sold for recycling in year 2019 and 2020 are presented as below:



ENVIRONMENTAL FRIENDLY AWARENESS (CONT'D)

Air Emissions

We are subject to the regulatory standards set by DOE pursuant to the Environmental Quality (Clean Air) Regulations 2014, although we produce a minimal amount of air emissions due to the nature of our business operations. We have engaged outsourcing consultant to carry out on-site air emission monitoring which we think of the most cost effective.

The consultant is responsible for collecting samples, monitoring parameters and determining air emission impurities level from our chimneys. Our air emissions are channeled through five (5) chimneys located at the PIESB plant and one (1) chimney located at PIW plant. The assessments are conducted annually on these chimneys to ensure that we are in compliance to DOE's limits by collecting and analysing the samples from each chimney.

The monitoring parameters were Particulate Matter, Indium, Tin, Antimony, Copper, Lead, Nickel, Silver, Glycol Ether and Isopropyl Alcohol (IPA) in PIESB. Table below shows the results of the latest assessment conducted in year 2019 and 2020.

Parameter	DOE limit (mg/m^3)	Compliance	
		2020	2019
Particulate Matter	50	Complied	Complied
Indium	5	Complied	N/A
Tin	5	Complied	N/A
Antimony	5	Complied	N/A
Copper	1	Complied	N/A
Lead	1	Complied	Complied
Nickel	1	Complied	N/A
Silver	0.2	Complied	N/A
Glycol Ether	100	Complied	N/A
IPA	150	Complied	N/A

Meanwhile, the monitoring parameters were Particulate Matter, Tin and Copper in PIW. Table below shows the results of the latest assessment conducted in year 2019 and 2020.

Parameter	DOE limit (mg/m^3)	Compliance	
		2020	2019
Particulate Matter	50	Complied	Complied
Antimony	5	N/A	Complied
Arsenic	0.2	N/A	Complied
Cadmium	0.2	N/A	Complied
Tin	5	Complied	N/A
Copper	1	Complied	Complied
Lead	1	N/A	Complied
Mercury	0.2	N/A	Complied
Hydrogen Chloride	30	N/A	Complied

In conclusion, all the monitored parameters were found to be below limit values as required by the Environmental Quality (Clean Air) Regulations 2014.

Noise Pollution Control

As an EMS provider, we are alert that making noise from our production processes is unavoidable. Thus, our noise monitoring is overseen by Quality Control Lab Engineer and we assess the noise level arising from our operating sites biannually in PIESB to ensure compliance to Factories and Machinery (Noise Exposure) Regulations 1989.

Besides, we have engaged outsourcing consultant to conduct on-site noise level measurement at the boundary of the factory during day and night. Boundary noise monitoring is conducted in PIESB to ensure compliance with The Environmental Quality Act 1974 by comparing the boundary noise level with noise level limits as specified by the "Guidelines for Environmental Noise Limits and Control – Third Edition". The average noise level detected at all three (3) sampling points were below permissible sound limit during both daytime and nighttime.

ENVIRONMENTAL FRIENDLY AWARENESS (CONT'D)

Noise Pollution Control (Cont'd)

In addition, we have engaged outsourcing consultant to perform noise risk assessment to monitor the noise level of the possibility of excessive noise throughout the production area in PIESB and PIW in order to comply with Occupational Safety and Health (Noise Exposure) Regulations 2019, Regulations 4 of the Noise Exposure Regulations. The noise risk assessment helps us to identify noise sources and the affected group for design of engineering controls, as well as to contain a reliable estimate of employees' exposures and compare the exposure with exposure limits specified in the said Regulations.

Other than the above, we have placed several initiatives to reduce noise pollution including:

- Provide hearing protection PPE such as ear plugs to employees exposed to high noise level;
- Display warning signage at production area that generate noise level at or above the limit;
- Conduct training with a focus on noise safety and hazards to employees;
- Carry out audiometry tests for machine operators to monitor their risk of detrimental exposure to noise; and
- Implement engineering controls to service and maintenance of the machine regularly to keep them in good condition and reduce the noise generated.

Energy Management

As an EMS provider, the Group's energy consumption primarily arose from production machinery and facility equipment. We are committed to properly managing energy consumption by undertaking several energy saving initiatives so as to reduce the operational costs and minimise the impact on the environment. "Switch off when not in use" warning signs are distinctly seen around the workplace to remind our employees to reduce electricity usage by turning off the lights, air-conditioning and machinery when they are not being use. We also educate our employees to power off all unused equipments during break time.

We have also initiate cost effective measures by replacing broken conventional fluorescent tubes with light-emitting diode (LED) tubes in our plants instead of switching all existing lighting to the energy efficient lighting. We will progressively implement this initiative to reduce electricity consumption in our plants. Furthermore, we have to ensure that all lightings and electrical equipments were properly maintained and replaced to avoid any wastage. Employees must report immediately to Maintenance Department if discover any light bulbs burning out, switches not working properly, circuit breaker tripping or electrical shocks.

We recorded our energy consumption per thousand sales in year 2019 and 2020 as below:

	2020	2019
Electricity (kWh) / Sales (RM'000)	29.72	28.58

Water Management

We strive to improve our water efficiency to reduce water wastage with implementation of various water efficiency initiatives at our workplace. "Turn off the taps to save water and our environment" warning signs are found near to the taps to remind our employees to reduce water usage by turning off the taps. Besides, we have replaced our lavatory fixtures with self-push button taps and spray bidet and adjusted water level for toilet flush tank to a suitable level to avoid unnecessary water wastage. Any water leakage must be reported to Maintenance Department immediately.

In addition, we reuse water in the cooling process of extrusion section in the production. We have recycled 22% of water in 2020 out of the total water used.

We recorded our water usage per thousand sales in year 2019 and 2020 as below:

	2020	2019
Water (Litre) / Sales (RM'000)	200.73	226.03

This statement was made in accordance with a resolution of the Board dated 19 March 2021.

STATEMENT ON DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board has the overall responsibility to prepare the financial statements for each financial year as required by the Companies Act 2016. The financial statements should be prepared in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and the relevant provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements so as to present 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 their results and statements of cash flows for the year then ended.

In this regard, the Directors will, with the assistance of the Audit Committee:

- Ensured that suitable accounting policies are used and applied consistently.
- Ensured that new and revised MFRSs and Issues Committee Interpretations issued by Malaysian Accounting Standards Board that are relevant to the Group's operations and effective for accounting are fully adopted.
- Ensured proper accounting records are kept.
- Ensured adequate system of risk management and internal control exist to safeguard the assets of the Group to prevent and detect fraud and other irregularities.
- Ensured that the financial statements present a balanced and understandable assessment of the financial position of the Group and of the Company.
- Made appropriate enquiries to the senior management of the Group to ensure that the Group have adequate resources to continue in operational existence in the foreseeable future.
- Ensured that the accounting estimates included in the financial statements are reasonable and prudent.

The financial statements for the year ended 31 December 2020 had been approved by the Board on 22 March 2021.

This statement was made in accordance with a resolution of Board dated 19 March 2021.

DISCLOSURE REQUIREMENTS PURSUANT TO THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the Financial Year Ended 31 December 2020 (FY2020) by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follow:

Category	Audit Fees (RM)	Non-Audit Fees (RM)
Company	35,000	45,500[1]
Subsidiaries	156,985	47,728[2]
Total	**191,985**	**93,228**

[1] Non-audit fees were mainly paid for the advisory services on review of quarterly financial information, Statement on Risk Management and Internal Control and tax advisory services.

[2] Non-audit fees were mainly paid for tax advisory services.

EMPLOYEE SHARE SCHEME

There was no Employee Share Scheme implemented by the Company during the financial year.

MATERIAL CONTRACT

There were no material contract entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, 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.

RECURRENT RELATED PARTY TRANSACTIONS

The details of Recurrent Related Party Transactions and their actual amount entered into during the FY2020 are disclosed on page 98 of the Annual Report.

DIRECTORS' REPORT

The directors of **P.I.E. INDUSTRIAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2020.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 13 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit for the year	**45,595,979**	**8,052,313**

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

DIVIDENDS

	RM
In respect of the financial year ended December 31, 2019:	
An interim single tier dividend of RM0.024 per share	**9,217,008**
A special interim single tier dividend of RM0.026 per share	**9,985,091**
	19,202,099

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.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

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

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

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Mui Chung Meng	
Loo Hooi Beng	
Lee Cheow Kooi	
Koay San San	
Wong Thai Sun	(appointed on February 14, 2020)
Lan, Kuo-Yi	(appointed on March 19, 2021)
Chen, Chih-Wen	(resigned on February 28, 2020)

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

Huang, Feng-An
Yu, Wen-Ling
Cheah Heng Lye
Chen, Ming-Lung
Liao, Yueh-Chen
Tay Siew Noi
Tsai, Ming-Feng
Supida Saekow
Law Tong Han

DIRECTORS' INTERESTS

The interest in shares in the Company and in related companies of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary shares			
Shares in the Company	Balance as of 1.1.2020	Bought	Sold	Balance as of 31.12.2020
Direct interests:				
Mui Chung Meng	-	10,000	-	10,000
Indirect interests:				
Mui Chung Meng [(i)]	2,460,000	-	-	2,460,000

[(i)] Deemed interest through spouse.

By virtue of their interests in the shares of the Company, Mr. Mui Chung Meng is also deemed to have interests in the shares of all the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than those disclosed as directors' remuneration amounting to RM1,891,656 in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of transactions mentioned in Note 29 to the financial statements. Certain directors have also received remuneration from related corporations in their capacities as directors or executives of those related corporations as disclosed in Note 7 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might 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, OFFICERS AND AUDITORS

The Company maintains directors' liability insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid or payable during the financial year, which was borne by the Company are amounted to RM16,440.

Other than disclosed above, there was no indemnity given to or insurance effected for other Directors, Officers and Auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors of the Group and of the Company for the financial year ended December 31, 2020 are RM191,985 and RM35,000 respectively.

HOLDING COMPANY

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., which is incorporated in British Virgin Islands, and Pan-International Industrial Corp., which is incorporated in Taiwan, respectively.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS

Significant events subsequent to the end of the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

MUI CHUNG MENG	**LAN, KUO-YI**

Penang

Date: March 22, 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF P.I.E. INDUSTRIAL BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of P.I.E. INDUSTRIAL BERHAD, which comprise the statements of financial position of the Group and of the Company as at December 31, 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 111.

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 of December 31, 2020, and of their financial performance and of their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key audit matter	Our audit performed and responses thereon
Valuation of inventories The Group has significant balance of inventories as at December 31, 2020 which mainly comprised of raw materials amounting to RM71,985,540, work-in-progress amounting to RM32,579,387 and finished goods amounting to RM33,567,151 as disclosed in Note 17 to the financial statements. There is a risk to the valuation of inventories due to possible slow moving and obsolete inventories given that the age of the inventories have increased as compared to the prior year. Significant management estimation is involved in identifying slow moving or obsolete inventories with reference to the condition of the inventories, historical, current and future sales information as well as the ageing of inventories There is also a risk to the valuation of inventories due to incorrect absorption of labour and overheads. Management judgment is involved in determining an appropriate costing basis for the inventories, particularly in regards to work-in-progress and finished goods.	To address the risk of slow moving and obsolete inventories, we obtained an understanding of the controls relevant to estimating, approving and recording of allowance for slow moving and obsolete inventories and tested the design and implementation of the controls. We reviewed the terms and conditions of supply agreements with customers and ensured that provision for slow moving and obsolete inventories is in line with the Group's policies and supply agreements with customers. We tested the accuracy of the ageing profile of inventory items by checking to the underlying procurement documents, invoices and production record (i.e. job order) and also assessed if each inventory categories have been classified into the correct ageing buckets.

Key Audit Matters (Cont'd)

Key audit matter	Our audit performed and responses thereon
	We tested the movement of slow moving inventories for raw materials, subsequent usage and also assessed whether the inventories raw materials are still in use for production or are in good working condition. We assessed and challenged management's basis in determining slow-moving inventories with regards to the completeness of the inventory provisions and made an assessment of its adequacy, considering the age and volumes relative to expected usage. We assessed if there were raw material, work-in-progress or finished goods inventories, which needed to be provided for as obsolete/slow moving items with reference to future sales demand/forecast for the related finished goods (e.g. where such finished goods are expected to be discontinued or replaced in the near future). We performed a retrospective review on the provision for excess and obsolete inventories and assessed whether judgments have been applied consistently, by comparing the actual inventories written down against the general provision based on the Group's policies. To address the risk of incorrect absorption of labour and overhead, we obtained an understanding of the controls relevant to estimating, calculating, approving and recording of labour and overhead absorption and tested the design and implementation of the controls. We also obtained the inventory listing at the detailed-product level and the Bill of Material ("BOM") which indicated the cost of raw materials as well as labour and overhead cost absorbed to each unit of work-in-progress and finished goods. We agreed the labour and overhead cost indicated in the BOM for work-in-progress and finished goods to the actual cost of goods sold expense for the year. We also agreed selected quantities of the work-in-progress and finished goods samples to production records. We reviewed the Group's methodology for calculating the labour and overhead absorption rate for reasonableness, consistency with prior years and then recomputed the absorption rate for the selected work-in-progress and finished goods samples for accuracy.

The key audit matters referred to above are in respect of P.I.E. Industrial Berhad at the Group level. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report which is expected to be made available to us after that date.

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

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility 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, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

As part of an audit 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:

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

(b) 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 the Company's internal control.

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

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

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

(e) 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.

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 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 also report that in the case of consolidated financial statements, the name of the subsidiary companies, of which we have not acted as auditors, are indicated in Note 13 to the financial statements.

Other Matters

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

The financial statements of the Group and of the Company for the preceding year ended December 31, 2019 were audited by another firm of auditors whose report dated March 17, 2020 expressed an unmodified opinion on these financial statements.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

ALVIN CHANG SHU-WEI
Partner – 03480/01/2022 J
Chartered Accountant

Penang

Date: March 22, 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Revenue	5	**686,362,774**	659,340,897	**12,095,847**	17,060,360
Cost of sales		**(634,993,857)**	(617,408,393)	-	-
Gross profit		**51,368,917**	41,932,504	**12,095,847**	17,060,360
Other operating income		**33,841,516**	29,455,472	**25,582**	579,062
Administrative expenses		**(22,431,264)**	(19,369,616)	**(4,158,458)**	(3,770,784)
Selling and distribution expenses		**(3,537,025)**	(2,685,929)	-	-
Other operating expenses		**(4,625,647)**	(5,617,172)	**(76,067)**	(25,305)
Operating profit		**54,616,497**	43,715,259	**7,886,904**	13,843,333
Interest income		**2,040,056**	2,656,381	**409**	10,489
Interest expense		**(11,407)**	(570,448)	-	(464,859)
Profit before tax	6	**56,645,146**	45,801,192	**7,887,313**	13,388,963
Tax (expense)/income	8	**(11,049,167)**	(9,243,840)	**165,000**	(167,390)
Profit for the year		**45,595,979**	36,557,352	**8,052,313**	13,221,573
Other comprehensive income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences		**(681,083)**	2,146,907	-	-
Items that will not be reclassified subsequently to profit or loss:					
Revaluation on land and building		-	2,659,578	-	-
Total comprehensive income for the year		**44,914,896**	41,363,837	**8,052,313**	13,221,573
Earnings per share:					
Basic/Diluted (sen per share)	9	**11.87**	9.52		

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

STATEMENTS OF FINANCIAL POSITION

AT DECEMBER 31, 2020

	Notes	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Assets					
Non-current assets					
Property, plant and equipment	10	**85,400,153**	74,431,248	-	-
Investment properties	11	**46,985,867**	44,228,090	-	-
Right-of-use assets	12	**6,204,507**	6,409,552	-	-
Investment in subsidiaries	13	-	-	**79,918,805**	79,918,805
Investment in associate	14	-	-	**25,000**	25,000
Goodwill on consolidation	15	**1,721,665**	1,721,665	-	-
Deferred tax assets	16	**1,228,457**	662,120	**827,120**	662,120
Total non-current assets		**141,540,649**	127,452,675	**80,770,925**	80,605,925
Current assets					
Inventories	17	**163,944,751**	106,480,553	-	-
Trade and other receivables	18	**206,859,811**	129,818,057	**13,713,265**	20,173,265
Current tax assets		**330,506**	347,019	-	-
Short-term investments	19	**7,203,000**	10,533,158	**7,203,000**	10,533,158
Cash and cash equivalents	20	**143,706,500**	167,386,657	**282,721**	1,058,224
Total current assets		**522,044,568**	414,565,444	**21,198,986**	31,764,647
Total assets		**663,585,217**	542,018,119	**101,969,911**	112,370,572
Equity and liabilities					
Capital and reserves					
Share capital	21	**83,202,902**	83,202,902	**83,202,902**	83,202,902
Reserves	22	**16,738,910**	17,419,993	**16,408,221**	16,408,221
Retained earnings/(accumulated losses)	23	**377,635,214**	351,241,334	**(370,505)**	10,779,281
Total equity		**477,577,026**	451,864,229	**99,240,618**	110,390,404
Non-current liability					
Retirement benefit obligations	24	**1,535,462**	1,427,606	-	-
Deferred tax liabilities	16	**4,735,340**	4,437,299	-	-
		6,270,802	5,864,905	-	-
Current liabilities					
Trade and other payables	25	**148,957,234**	80,280,437	**2,729,293**	1,980,168
Retirement benefit obligations	24	**265,274**	270,817	-	-
Borrowings	26	**28,317,660**	-	-	-
Refund liabilities	27	**1,324,651**	1,644,433	-	-
Current tax liabilities		**872,570**	2,093,298	-	-
Total current liabilities		**179,737,389**	84,288,985	**2,729,293**	1,980,168
Total liabilities		**186,008,191**	90,153,890	**2,729,293**	1,980,168
Total equity and liabilities		**663,585,217**	542,018,119	**101,969,911**	112,370,572

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

The Group

	Notes		Non-distributable		Distributable	
		Share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total
		RM	RM	RM	RM	RM
Balance as of January 1, 2019		83,202,902	12,613,508	-	333,886,081	429,702,491
Profit for the year		-	-	-	36,557,352	36,557,352
Other comprehensive income for the year, net of income tax		-	2,146,907	2,659,578	-	4,806,485
Total comprehensive income for the year		-	2,146,907	2,659,578	36,557,352	41,363,837
Dividends paid	28	-	-	-	(19,202,099)	(19,202,099)
Balance as of December 31, 2019		83,202,902	14,760,415	2,659,578	351,241,334	451,864,229
Balance as of January 1, 2020		**83,202,902**	**14,760,415**	**2,659,578**	**351,241,334**	**451,864,229**
Profit for the year		-	-	-	**45,595,979**	**45,595,979**
Other comprehensive income for the year, net of income tax		-	**(681,083)**	-	-	**(681,083)**
Total comprehensive income for the year		-	**(681,083)**	-	**45,595,979**	**44,914,896**
Dividends paid	**28**	-	-	-	**(19,202,099)**	**(19,202,099)**
Balance as of December 31, 2020		**83,202,902**	**14,079,332**	**2,659,578**	**377,635,214**	**477,577,026**

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED DECEMBER 31, 2020

The Company

	Notes	Share capital	Non-distributable Merger reserve	Distributable Retained earnings/ (Accumulated losses)	Total
		RM	RM	RM	RM
Balance as of January 1, 2019		83,202,902	16,408,221	16,759,807	116,370,930
Profit for the year		-	-	13,221,573	13,221,573
Total comprehensive income for the year		-	-	13,221,573	13,221,573
Dividends paid	28	-	-	(19,202,099)	(19,202,099)
Balance as of December 31, 2019		83,202,902	16,408,221	10,779,281	110,390,404
Balance as of January 1, 2020		**83,202,902**	**16,408,221**	**10,779,281**	**110,390,404**
Profit for the year		-	-	**8,052,313**	**8,052,313**
Total comprehensive income for the year		-	-	**8,052,313**	**8,052,313**
Dividends paid	28	-	-	**(19,202,099)**	**(19,202,099)**
Balance as of December 31, 2020		**83,202,902**	**16,408,221**	**(370,505)**	**99,240,618**

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Cash flows from operating activities				
Profit for the year	**56,645,146**	45,801,192	**7,887,313**	13,388,963
Adjustments for:				
Depreciation of property, plant and equipment	**17,612,472**	15,783,307	-	-
Inventories written off	**2,121,120**	-	-	-
Inventories written down	**1,895,130**	4,439,200	-	-
Provision for retirement benefits obligations	**226,428**	226,590	-	-
Amortisation of right-of-use assets	**205,045**	315,848	-	-
Loss/(gain) on disposal of property, plant and equipment	**195,635**	(13,625)	-	-
Provision/(reversal of provision) for expected credit loss of trade receivables, net	**146,535**	(1,281,616)	-	-
Fair value loss/(gain) on financial asset at fair value through profit or loss	**54,972**	(40,105)	**54,972**	(40,105)
Interest expense	**11,407**	570,448	-	-
Bad debts written off	**2,233**	49,122	-	-
Property, plant and equipment written off	**1,295**	161,890	-	-
Fair value gain on investment properties	**(2,803,336)**	(520,000)	-	-
Interest income	**(2,040,056)**	(2,656,381)	**(409)**	(10,489)
Unrealised (gain)/loss on foreign exchange, net	**(1,796,492)**	3,791,255	**21,094**	-
Investment income earned on financial asset at fair value through profit or loss	**(219,847)**	(171,460)	**(219,847)**	(171,460)
Gain on disposal of short-term investments	**(25,582)**	(49,841)	**(25,582)**	(49,841)
Dividend income	-	-	**(8,000,000)**	(13,332,900)
Unwinding discount on amount due from subsidiary	-	-	-	464,859
	72,232,105	66,405,824	**(282,459)**	249,027
Movements in working capital:				
(Increase)/Decrease in inventories	**(62,252,230)**	35,626,311	-	-
(Increase)/Decrease in receivables	**(65,143,055)**	41,627,405	**6,460,000**	10,773,816
Increase/(Decrease) in payables	**58,748,438**	(33,390,374)	**749,125**	(689,538)
Decrease in refund liabilities	**(319,782)**	(712,911)	-	-
Cash generated from operations	**3,265,476**	109,556,255	**6,926,666**	10,333,305
Income tax paid	**(12,516,603)**	(10,663,381)	-	-
Retirement benefits paid	**(89,454)**	-	-	-
Interest paid	**(11,407)**	(570,448)	-	-
Withholding tax paid	-	(39,390)	-	(39,390)
Dividend received	-	-	**8,000,000**	13,332,900
Net cash (used in)/from operating activities	**(9,351,988)**	98,283,036	**14,926,666**	23,626,815

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Cash flows from investing activities					
Decrease/(increase) in short-term investments		**3,520,615**	(5,757,215)	**3,520,615**	(5,795,329)
Interest received		**2,040,056**	2,656,381	**409**	10,489
Withdrawal/(placement) of fixed deposits with licensed banks		**11,200**	(39,200)	**-**	-
Proceed from disposal of property, plant and equipment		**7,397**	13,625	**-**	-
Acquisition of property, plant and equipment		**(28,970,013)**	(7,474,711)	**-**	-
Net cash (used in)/from investing activities		**(23,390,745)**	(10,601,120)	**3,521,024**	(5,784,840)
Cash flows from financing activities					
Changes in bank borrowings		**28,158,734**	(36,207,919)	**-**	-
Dividend paid		**(19,202,099)**	(19,202,099)	**(19,202,099)**	(19,202,099)
Net cash from/(used in) financing activities		**8,956,635**	(55,410,018)	**(19,202,099)**	(19,202,099)
Net (decrease)/increase in cash and cash equivalents		**(23,786,098)**	32,271,898	**(754,409)**	(1,360,124)
Effect of foreign exchange rate changes		**117,141**	483,294	**(21,094)**	-
Cash and cash equivalents at the beginning of the year		**166,839,457**	134,084,265	**1,058,224**	2,418,348
Cash and cash equivalents at the end of the year	**20**	**143,170,500**	166,839,457	**282,721**	1,058,224

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities:

The Group

	01.01.2020 RM	Cash flows from financing activities RM	Non-cash changes RM	31.12.2020 RM
Borrowings	-	28,158,734	158,926	28,317,660

	01.01.2019 RM	Cash flows used in financing activities RM	Non-cash changes RM	31.12.2019 RM
Borrowings	36,207,919	(36,207,919)	-	-

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

1. GENERAL INFORMATION

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 Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 13.

The registered office of the Company is located at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang, Malaysia.

The principal place of business of the Company is located at Plot 4, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, 13700 Seberang Jaya, Seberang Perai, Pulau Pinang, Malaysia.

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., which is incorporated in British Virgin Islands, and Pan-International Industrial Corp., which is incorporated in Taiwan, respectively.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on March 22, 2021.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Adoption of new and revised MFRSs

In the current year, the Group and the Company has applied a number of new and revised MFRSs and IC Interpretation ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2020.

Amendments to MFRS 101and MFRS 108	Definition of Material
Amendments to MFRS 3	Definition of Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to References to the Conceptual Framework in MFRS Standards	Conceptual Framework for Financial Reporting

The adoption of these new and revised MFRSs has not had any material impact on the disclosures or on the amounts reported in the financial statements. There was no significant changes in the accounting policies of the Group and of the Company during the financial year end.

New and revised standards in issue but not yet effective

The Group and the Company has not applied the following new and revised MFRSs and IC Int. that have been issued but are not yet effective:

Amendments to MFRS 16	COVID-19 Related Rent Concessions (a)
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS16	Interest Rate Benchmark Reform – Phase 2 (b)
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 (c)
Amendments to MFRS 3	References to the Conceptual Framework (d)
Amendments to MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use (d)
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract (d)
Annual improvements to MFRS Standards 2018-2020	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 16 Leases and MFRS 141 Agriculture (e)
Amendments to MFRS 17	Insurance Contracts (e)

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

New and revised standards in issue but not yet effective (Cont'd)

The Group and the Company has not applied the following new and revised MFRSs and IC Int. that have been issued but are not yet effective (Cont'd):

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 [e]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current Insurance Contract [e]
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies [e]
Amendments to MFRS 108	Definition of Accounting Estimates [e]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [f]

[a] Effective for annual periods beginning on or after June 1, 2020, with earlier application permitted.
[b] Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.
[c] Effective for annual periods beginning on or after April 1, 2021, with earlier application permitted.
[d] Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.
[e] Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.
[f] Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for certain assets that are measured at fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary and basis of consolidation

Investment in subsidiaries which are eliminated on consolidation, is stated at cost less impairment losses, if any, in the Company's separate financial statements.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

(a) has power over the investee;
(b) is exposed, or has rights, to variable returns from its involvement with the investee; and
(c) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

(a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(b) potential voting rights held by the Company, other vote holders or other parties;
(c) rights arising from other contractual arrangements; and
(d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or a loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by MFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in associated company

The Group and the Company recognise an associated company based on the criterion of significant influence. Significant influence exists when the Group and the Company has the power to participate in the financial and operating policy decisions of the investee but has no control or joint control of those policies. This is normally (though not necessarily) accomplished when the Group and the Company, directly or indirectly through subsidiaries, holds 20 per cent or more of the voting rights of the investee. When the Group's and the Company's voting rights in an investee are less than 20 per cent, the Group and the Company assess whether it has significant influence by examining all relevant facts and circumstances, including the existence of potential voting rights that are substantive, representation on the board of directors, participation in policy-making processes, material transactions between the Group and the Company and the investee, interchange of managerial personnel and provision of essential technical information.

The Group and the Company measure its investment in associated company using the equity method. Under this method, on initial recognition, the investment in an associated company is measured at cost. Subsequently, the carrying amount is increased or decreased to recognise the Group's and the Company's:

(i) share of the investee's profit or loss through profit or loss;
(ii) share of the investee's other comprehensive income through other comprehensive income; and
(iii) share of the investee's changes in other net assets through equity.

In applying the equity method, the Group and the Company use the financial statements of its associated company as of the same date as the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in associated company (Cont'd)

If the Group's and the Company's share of losses of an associated company equals or exceeds the carrying amount of its investment in the investee, the Group and the Company discontinue recognising its share of further losses. After the Group's and the Company's interest is reduced to zero, it recognises additional losses by a provision only to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee.

Unrealised gains and losses arising from transactions between the Group and the Company and its associated company are eliminated partially to the extent of the Group's and the Company's interests in the associated company, except when there are indications of impairment losses. This partial elimination principle applies equally to a transfer of non-monetary assets to an associated company in exchange for equity interests in the investee.

Revenue recognition and other operating income

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
(ii) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(iii) the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(a) Revenue from contracts with customers

(i) Manufacturing of industrial products

The Group is in the business of manufacturing industrial products and revenue from manufacturing of industrial products is recognised at a point in time when control of the goods are transferred to the customer. The Group has generally concluded that it is the principal in its revenue arrangement.

(a) Variable consideration - volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Revenue recognition and other operating income (Cont'd)

(a) Revenue from contracts with customers (Cont'd)

(i) Manufacturing of industrial products (Cont'd)

(b) Assets and liabilities arising from rights of return - refund liabilities

A refund liability is the obligation to refund some or all of the consideration from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

(ii) Trading of electronic materials

The Group is also in the business of trading of electronic materials. Revenue from trading of electronics materials is recognised at a point in time when control of the goods is transferred to the customers. The normal credit term is 30 to 60 days upon delivery.

(b) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(c) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably).

(d) Interest income

Interest income is recognised using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(e) Other income

Management fee and other income are recognised on an accrual basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary and associate, except where the Group and the Company are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Employee benefit expenses

(a) Short-term employee benefits

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

(b) Defined contribution plans

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees' Provident Fund ("EPF"). The Group's foreign subsidiaries also make contributions to their respective country's statutory pension schemes. The Group and the Company have no legal or constructive obligation to pay contribution in addition to its fixed contributions which are recognised as an expense in the period that relevant employee services are received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefit expenses (Cont'd)

(c) Defined benefit plan

The Group operates an unfunded, defined benefit plan - Retirement Benefit Scheme ("the Scheme") for eligible employees in Thailand in accordance with the Labour Law Act of Thailand. Under the Scheme, eligible employees are entitled to retirement benefits upon attaining their retirement age.

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

(i) If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit assets or liability.

(ii) If contributions are linked to services, they reduce service cost. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by MFRS 119 *Employee Benefits*. For the amount of contributions that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered or reduces service cost by attributing to the employees' periods of service in accordance with MFRS 119 *Employee Benefits*.

The calculation for defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when settlement occurs.

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Group and of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and

(b) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary company that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary company that does not result in the Group losing control over the subsidiary company, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Leases

The Group and the Company as a lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

The Group and the Company as a lessee (Cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position. Right-of-use assets representing leasehold lands are amortised evenly over the lease period of 60 years.

The Group and the Company apply MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment of tangible assets policy.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

The Group and the Company as a lessee (Cont'd)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group and the Company as lessor

The Group and the Company enter into lease agreements as a lessor with respect to its investment properties.

Leases for which the Group and the Company are lessors are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contract with Customers* to allocate the consideration under the contract to each component.

Property, plant and equipment

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

Freehold land and capital work in progress are not depreciated. Leasehold land was measured at cost less accumulated depreciation and any accumulated impairment losses where leasehold land was depreciated over its lease term of 60 years.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings and structures	2.22% - 10%
Plant and machinery	10% - 33.3%
Production tools and equipment	10% - 20%
Furniture, fixtures and office equipment	10% - 33.3%
Mechanical and electrical installation	10% - 20%
Motor vehicles	20%

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss. Depreciation of these assets in progress, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (Cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

All items of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment Properties

(a) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(b) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Impairment of tangible assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of tangible assets (Cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of raw materials consists of purchase price plus the cost of bringing the inventories to their present location. Cost of work-in-progress and finished goods consists of the cost of raw materials, direct labour and an appropriate proportion of factory overheads. Goods-in-transit is stated at cost.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit and loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "interest income" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

(i) Investments in equity instruments are classified as at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

(ii) Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group and the Company have not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" or "other operating expenses" line item. Fair value is determined in the manner described in Note 32.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and amounts due from customers. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime expected credit loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's and Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

(i) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
(ii) significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
(iii) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
(iv) an actual or expected significant deterioration in the operating results of the debtor;
(v) significant increases in credit risk on other financial instruments of the same debtor;
(vi) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group and the Company consider a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

(i) when there is a breach of financial covenants by the counterparty; or
(ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collaterals held by the Group and the Company).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 180 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 16 *Leases*.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determine at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12 months ECL at the current reporting date, except for assets for which simplified approach was used.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group and the Company, and commitments issued by the Group and the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which MFRS 3 *Business Combinations* applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

(i) it has been acquired principally for the purpose of repurchasing it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities at FVTPL (Cont'd)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the in the "other operating income" or "other operating expenses" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 32.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Segment information

For management purpose, the Group is organised into operating segments based on their business segment which is regularly reviewed by the Group's chief operation decision officer for the performance of the respective segments under their charge. The segment chief operation officer reports directly to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and Company's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Note 3 reflect the directors' estimate of the period that the Group expects to derive future economic benefits from the use of its property, plant and equipment. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. Further details are given in Note 10.

(ii) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the end of the reporting period is disclosed in Note 15.

(iii) Inventories

The Group makes an allowance for slow moving and obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management consider all of the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed. Further details are given in Note 17.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(iv) Impairment of receivables

When measuring ECL, the Group and the Company use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Further details are given in Note 32.

5. REVENUE

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Segment revenue				
Revenue from contract with customers:				
Manufacturing of industrial products	**685,958,987**	654,483,754	-	-
Trading of electronic materials	**183,940**	4,685,683	-	-
	686,142,927	659,169,437	-	-
Investment income earned from financial asset at fair value through profit or loss	**219,847**	171,460	**219,847**	171,460
Management fees	-	-	**3,876,000**	3,556,000
Dividend income from subsidiaries	-	-	**8,000,000**	13,332,900
Total revenue	**686,362,774**	659,340,897	**12,095,847**	17,060,360
Timing of revenue recognition				
Goods transferred at a point in time	**686,362,774**	659,340,897	**8,219,847**	13,504,360
Services transferred over time	-	-	**3,876,000**	3,556,000
Total revenue	**686,362,774**	659,340,897	**12,095,847**	17,060,360
Geographical markets				
Malaysia	**403,292,676**	254,537,398	**12,095,847**	12,727,460
Other Asia Pacific countries	**93,051,073**	152,898,486	-	4,332,900
Europe	**77,075,780**	79,266,071	-	-
United States of America	**112,943,245**	172,638,942	-	-
Total revenue	**686,362,774**	659,340,897	**12,095,847**	17,060,360

6. PROFIT BEFORE TAX

Profit before tax has been arrived at:

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
After charging:				
Employee benefit expenses (Note 7)	**83,910,567**	85,390,170	**3,926,525**	3,432,812
Depreciation of property, plant and equipment	**17,612,472**	15,783,307	-	-
Inventories written off	**2,121,120**	-	-	-
Inventories written down	**1,895,130**	4,439,200	-	-
Amortisation of right-of-use assets	**205,045**	315,848	-	-
Loss on disposal of property, plant and equipment	**195,635**	-	-	-
Audit fee:				
Current year	**191,985**	188,455	**35,000**	35,000
(Over)/underprovision in prior year	**(3,000)**	15,000	-	3,000
Non-audit fee	**93,228**	65,883	**45,500**	45,740
Provision/(reversal of provision) for expected credit loss of trade receivables, net	**146,535**	(1,281,616)	-	-
Rental of:				
Office equipment	**20,605**	20,062	-	-
Premises	**582,620**	1,366,996	-	-
Fair value loss on financial assets at fair value through profit or loss	**54,972**	-	**54,972**	-
Interest expense:				
Onshore foreign currency loan	**11,407**	-	-	-
Bankers acceptance	-	570,448	-	-
Unwinding discount on amount due from a subsidiary	-	-	-	464,859
Bad debts written off	**2,233**	49,122	-	-
Property, plant and equipment written off	**1,295**	161,890	-	-
Unrealised loss on foreign exchange	-	3,791,255	**21,094**	-
And crediting:				
Gain on foreign exchange:				
Realised	**20,540,882**	14,529,603	-	425,699
Unrealised	**1,796,492**	-	-	38,113
Rental income from:				
Investment properties	**4,239,828**	4,307,402	-	-
Hostel	-	184,200	-	-
Right-of-use assets	-	176,000	-	-
Fair value gain on investment properties	**2,803,336**	520,000	-	-
Interest income	**2,040,056**	2,656,381	**409**	10,489
Gain on disposal of short-term investments	**25,582**	49,841	**25,582**	49,841
Fair value gain on financial asset at fair value through profit or loss	-	40,105	-	40,105
Gain on disposal of property, plant and equipment	-	13,625	-	-

7. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Wages, salaries and others	**79,918,846**	82,018,843	**3,597,823**	3,026,340
Defined benefit plan	**226,428**	226,590	-	-
Defined contribution plan	**3,765,293**	3,144,737	**328,702**	406,472
Total employee benefit expenses	**83,910,567**	85,390,170	**3,926,525**	3,432,812

Included in the employee benefit expenses of the Group and of the Company is directors' remuneration as shown below:

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Directors of the Company				
Executive:				
Salaries, allowance and bonus	**1,327,813**	1,597,119	**1,121,995**	1,237,734
Defined contribution plan	**226,418**	259,000	**209,090**	233,499
Benefits-in-kind	**16,250**	15,200	-	-
	1,570,481	1,871,319	**1,331,085**	1,471,233
Non-executive:				
Fee	**69,000**	69,000	**69,000**	69,000
Allowance	**22,800**	23,000	**22,800**	23,000
	91,800	92,000	**91,800**	92,000
	1,662,281	1,963,319	**1,422,885**	1,563,233
Directors of the subsidiaries				
Executive:				
Salaries, allowance and bonus	**1,500,657**	1,087,050	**418,243**	443,404
Defined contribution plan	**168,144**	155,397	**50,528**	53,521
Benefits-in-kind	**14,100**	14,100	-	-
	1,682,901	1,256,547	**468,771**	496,925
	3,345,182	3,219,866	**1,891,656**	2,060,158

There are no other key management personnel, other than all the Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

8. TAX EXPENSE/(INCOME)

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Current tax:				
Malaysia	**9,564,183**	11,249,461	**-**	-
Withholding tax	**-**	39,390	**-**	39,390
Deferred tax:				
Origination and reversal of temporary differences (Note 16)	**618,102**	(1,331,078)	**(28,000)**	124,000
	10,182,285	9,957,773	**(28,000)**	163,390
Under/(over)provision in prior years:				
Current tax	**1,752,981**	12,352	**-**	-
Deferred tax (Note 16)	**(886,099)**	(726,285)	**(137,000)**	4,000
	11,049,167	9,243,840	**(165,000)**	167,390

The reconciliation of the tax expense/(income) of the Group and of the Company are as follows:

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Profit before tax	**56,645,146**	45,801,192	**7,887,313**	13,388,963
Income tax at Malaysian tax rate of 24%	**13,594,835**	10,992,286	**1,892,955**	3,213,351
Effect of tax rates in foreign jurisdictions	**29,040**	(49,156)	**-**	-
Effect of expenses that are not deductible in determining taxable profit	**332,092**	279,244	**58,186**	182,430
Effect of income that are not taxable in determining taxable profit	**(781,979)**	(1,303,991)	**(1,979,141)**	(3,271,781)
Utilisation of reinvestment allowances arising during the year	**(2,991,703)**	-	**-**	-
	10,182,285	9,918,383	**(28,000)**	124,000
Witholding tax	**-**	39,390	**-**	39,390
Under/(over)provision in prior years:				
Current tax	**1,752,981**	12,352	**-**	-
Deferred tax	**(886,099)**	(726,285)	**(137,000)**	4,000
	11,049,167	9,243,840	**(165,000)**	167,390

A subsidiary in Thailand is enjoying investment promotion incentive in the manufacturing of certain goods according to the Investment Promotion Act of Thailand B.E. 1977. Under this incentive, the subsidiary is entitled to full corporate tax exemption on certain sources of income, a tax reduction of 10% on certain sources of income, and full corporate tax exemption on certain sources of income not exceeding the capital investment (excluding land), as well as other rights and privileges as prescribed by the Board of Investment of Thailand. For income which is derived from non-qualifying investment promotion incentive, tax is charged at 2%. The investment promotion incentive had expired on June 28, 2019.

8. TAX EXPENSE/(INCOME) (CONT'D)

As of December 31, 2020, the Group and the Company has the following amounts of unused tax losses which are available for set off against future taxable profits:

	The Group and the Company	
	2020	2019
	RM	RM
Unused tax losses	**757,738**	831,899

The unused tax losses can be carried forward for seven consecutive years of assessment immediately following that year of assessment (unused tax losses accumulated up to year of assessment 2018 can be carried forward until year of assessment 2025) pursuant to the gazetted Finance Act 2018.

The unused tax losses of the Group and of the Company will expire in the following years of assessment ("YA"):

	The Group and the Company	
	2020	2019
	RM	RM
YA 2026	**172,756**	172,756
YA 2025	**584,982**	659,143
	757,738	831,899

9. EARNINGS PER SHARE

Basic earnings per ordinary share

The net profit and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	The Group	
	2020	2019
Profit for the year attributable to owners of the Company (RM)	**45,595,979**	36,557,352
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	**384,041,985**	384,041,985
Basic earnings per ordinary share (sen)	**11.87**	9.52

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share as there are no dilutive potential ordinary shares during the financial year.

10. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Freehold land RM	Leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work in progress RM	Total RM
2020:										
At cost										
Balance at beginning	930,637	3,530,739	42,264,103	152,050,681	14,714,533	4,082,994	2,111,457	2,299,276	5,514,320	227,498,740
Additions	-	-	2,701,085	20,340,443	1,648,862	97,372	-	385,140	3,797,111	28,970,013
Disposals/write offs	-	-	-	(4,575,370)	-	(11,066)	-	-	-	(4,586,436)
Reclassification	-	-	105,943	4,230,703	-	-	548,820	-	(4,885,466)	-
Effects of movements in exchange rates	(50,899)	-	(50,065)	(100,763)	-	(19,811)	(2,228)	(11,817)	(83,256)	(318,839)
Balance at end	879,738	3,530,739	45,021,066	171,945,694	16,363,395	4,149,489	2,658,049	2,672,599	4,342,709	251,563,478
Accumulated depreciation										
Balance at beginning	-	1,714,288	13,234,696	121,057,003	9,831,025	3,396,363	1,847,725	1,986,392	-	153,067,492
Charge for the year	-	58,845	1,821,469	13,206,455	2,003,599	240,015	120,008	162,081	-	17,612,472
Disposals/write offs	-	-	-	(4,371,044)	-	(11,065)	-	-	-	(4,382,109)
Effects of movements in exchange rates	-	-	(39,952)	(69,996)	-	(12,470)	(1,679)	(10,433)	-	(134,530)
Balance at end	-	1,773,133	15,016,213	129,822,418	11,834,624	3,612,843	1,966,054	2,138,040	-	166,163,325
Carrying amount	879,738	1,757,606	30,004,853	42,123,276	4,528,771	536,646	691,995	534,559	4,342,709	85,400,153

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

The Group (Cont'd)

Cost	Freehold land RM	Leasehold land RM	Buildings and structures RM	Plant and machinery RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Capital work in progress RM	Total RM
2019:										
At cost										
Balance at beginning	863,968	3,530,739	52,162,728	146,008,976	13,068,670	3,729,069	2,102,215	2,257,910	6,555,795	230,296,070
Additions	-	-	430,130	4,202,182	1,629,863	293,906	-	-	918,630	7,474,711
Disposals/write offs	-	-	-	(1,397,760)	-	(4,128)	-	-	(161,865)	(1,563,753)
Transfer to investment properties	-	-	(10,451,533)	-	-	-	-	-	(491,740)	(10,943,273)
Reclassification	-	-	-	1,686,730	-	-	-	-	(1,686,730)	-
Effects of movements in exchange rates	66,669	-	122,778	1,550,553	-	64,147	9,242	41,366	380,230	2,234,985
Balance at end	930,637	3,530,739	42,264,103	152,050,681	14,714,533	4,082,994	2,111,457	2,299,276	5,514,320	227,498,740
Accumulated depreciation										
Balance at beginning	-	1,655,443	12,120,131	109,493,085	8,106,540	3,014,531	1,778,290	1,786,458	-	137,954,478
Charge for the year	-	58,845	2,007,939	11,413,591	1,724,485	348,576	64,606	165,265	-	15,783,307
Disposals/write offs	-	-	-	(1,397,736)	-	(4,127)	-	-	-	(1,401,863)
Transfer to investment properties	-	-	(991,484)	-	-	-	-	-	-	(991,484)
Effects of movements in exchange rates	-	-	98,110	1,548,063	-	37,383	4,829	34,669	-	1,723,054
Balance at end	-	1,714,288	13,234,696	121,057,003	9,831,025	3,396,363	1,847,725	1,986,392	-	153,067,492
Carrying amount	930,637	1,816,451	29,029,407	30,993,678	4,883,508	686,631	263,732	312,884	5,514,320	74,431,248

The carrying amount of the Group's freehold land and building charged to licensed banks as securities for banking facilities granted to the Group amounted to RM1,427,494 (2019: RM1,427,494).

Leasehold land of the Group is with unexpired lease period of ranging between 30 to 56 years (2019: 31 to 57 years).

11. INVESTMENT PROPERTIES

	The Group 2020 RM	The Group 2019 RM
At fair value		
Balance at beginning	**44,228,090**	27,542,745
Transfer from property, plant and equipment and right-of-use assets at fair value	-	16,000,000
Change in fair value recognised in profit or loss	**2,803,336**	520,000
Effects of movements in exchange rates	**(45,559)**	165,345
Balance at end	**46,985,867**	44,228,090
The investment properties are represented by:		
Freehold land and buildings	**4,515,867**	2,308,090
Leasehold land and buildings	**42,470,000**	41,920,000
	46,985,867	44,228,090

Transfer from property, plant and equipment and right-of-use assets at fair value

	The Group 2019 RM
Transfer from property, plant and equipment	9,951,789
Transfer from right-of-use assets	3,388,633
Fair value gain recognised in other comprehensive income	2,659,578
	16,000,000

The carrying amount of the Group's investment properties charged to a licensed bank as securities for banking facilities granted to the Group amounted to RM4,515,867 (2019: RM2,308,090).

Group as lessor

The Group has entered into operating leases on its investment properties. These leases have terms of between 1 to 3 years.

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

	2020 RM	2019 RM
Rental income from income generating properties	**4,239,828**	4,307,402
Direct operating expenses:		
Income generating investment properties	**230,300**	605,899

11. INVESTMENT PROPERTIES (CONT'D)

Group as lessor (Cont'd)

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	2020	2019
	RM	RM
Not later than one year	**2,884,389**	4,275,862
Later than one year and not later than five years	**1,989,010**	3,132,816
	4,873,399	7,408,678

Fair value measurement information

Fair value of investment properties are categorised as follows:

	Level 3	
	2020	2019
	RM	RM
Freehold land and buildings	**4,515,867**	2,308,090
Leasehold land and buildings	**42,470,000**	41,920,000
	46,985,867	44,228,090

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

Description of valuation technique and input used	**Significant unobservable inputs**		**Inter-relationship between significant used unobservable inputs fair value measurement**
	2020	2019	**RM**
Comparison method of valuation: Comparing the subject site with similar industrial lands and industrial building which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, terrain of land, tenure and restrictions if any, availability of infrastructure, vacant possession and other relevant characteristics.	Price per square foot (RM29-RM125)	Price per square foot (RM27-RM95)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower)

Valuation process applied by the Group for level 3 fair value

At December 31, 2020, the fair value of the Group's investment properties have been arrived at on the basis of a valuation carried out at that date by an independent valuer, which have appropriate qualifications and recent experience in the valuation of properties in the relevant locations, by reference to market evidence of transaction prices for similar properties. Changes in Level 3 fair value are analysed by the management after obtaining the valuation report from the valuation company.

11. INVESTMENT PROPERTIES (CONT'D)

Highest and best use

The Group's investment properties comprise of factory land and buildings located within an area designated for industrial use. Accordingly, industrial use has been adopted as the highest and best use for the valuation purpose.

12. RIGHT-OF-USE ASSETS

	The Group	
	2020	2019
	RM	RM
Leasehold lands		
At cost		
Balance at beginning	**7,999,468**	11,877,468
Less: Transfer to investment properties	-	(3,878,000)
Balance at end	**7,999,468**	7,999,468
Accumulated amortisation		
Balance at beginning	**1,589,916**	1,763,435
Charge for the year	**205,045**	315,848
Less: Transfer to investment properties	-	(489,367)
Balance at end	**1,794,961**	1,589,916
	6,204,507	6,409,552

The leasehold lands have unexpired lease periods of 31 years (2019: 32 years).

13. INVESTMENT IN SUBSIDIARIES

	The Company	
	2020	2019
	RM	RM
Unquoted shares, at cost	**79,918,805**	79,918,805

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation and operation	Proportion of ownership interest (%) 2020	2019	Principal activities
Held by the Company:				
Pan-International Electronics (Malaysia) Sdn. Bhd.	Malaysia	**100**	100	Contract electronics manufacturing, cable assemblies and Printed Circuit Board ("PCB") assemblies and manufacture of fixed and handheld barcode readers and its related sub-assembly

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of companies	Country of incorporation and operation	Proportion of ownership interest (%) 2020	2019	Principal activities
Held by the Company:				
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	Malaysia	**100**	100	Manufacture of cables and wires for electronic devices and cable moulding compounds
Pan-International Electronics (Thailand) Co., Ltd.*	Thailand	**100**	100	Manufacture and distribution of cable assembly and wire harness, plastic parts for electrical appliances and electronics parts and PCB assembly to computer, communication and consumer electronics industry
Indirectly held through Pan-International Electronics (Malaysia) Sdn. Bhd.:				
Pan-International Corporation (S) Pte. Ltd.*	Singapore	**100**	100	Marketing and trading of electronic and telecommunication components and equipment
PIE Enterprise (M) Sdn. Bhd.	Malaysia	**100**	100	Dormant
Indirectly held through Pan-International Wire & Cable (Malaysia) Sdn. Bhd.:				
P.I.W. Enterprise (Malaysia) Sdn. Bhd.	Malaysia	**100**	100	Dormant

* Not audited by Deloitte PLT

14. INVESTMENT IN AN ASSOCIATE

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Unquoted shares, at cost	**25,000**	25,000	**25,000**	25,000
Share of post-acquisition reserves	**(25,000)**	(25,000)	**-**	-
	-	-	**25,000**	25,000

14. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate are as follows:

Name of company	Country of incorporation and operation	Proportion of ownership interest (%) 2020	2019	Principal activities
I2 Skyway Sdn. Bhd.	Malaysia	**49**	49	Dormant

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	The Group 2020 RM	2019 RM
As at December 31		
Non-current assets	**38**	38
Current assets	**12,820**	9,289
Current liabilities	**(103,607)**	(101,966)
Net liabilities	**(90,749)**	(92,639)
Year ended December 31		
Profit/(Loss) from continuing operations	**2,562**	(5,166)

15. GOODWILL ON CONSOLIDATION

The Group

	2020 RM	2019 RM
At cost	**1,721,665**	1,721,665

At end of the reporting period, the Group assessed the recoverable amount of goodwill and determined that no impairment was necessary.

Goodwill has been allocated for impairment testing purposes to the manufacturing activities of a foreign subsidiary.

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a period of 5 years with an estimated growth rate of 0% (2019: 0%) and a pre-tax discount rate of 13.00% (2019: 9.30%) per annum.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Balance at beginning	**(3,775,179)**	(5,832,542)	**662,120**	790,120
Recognised in profit or loss (Note 8)	**(618,102)**	1,331,078	**28,000**	(124,000)
Effects of movements in exchange rates	**299**	-	**-**	-
	(4,392,982)	(4,501,464)	**690,120**	666,120
Under/(over)provision in prior year (Note 8)	**886,099**	726,285	**137,000**	(4,000)
	(3,506,883)	(3,775,179)	**827,120**	662,120

The recognised deferred tax assets and liabilities, after appropriate offsetting, are as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Deferred tax assets	**1,228,457**	662,120	**827,120**	662,120
Deferred tax liabilities	**(4,735,340)**	(4,437,299)	**-**	-
	(3,506,883)	(3,775,179)	**827,120**	662,120

The movement in deferred tax assets/(liabilities) during the year before offsetting are as follows:

	Opening balance RM	Recognised in profit or loss RM	Currency Translation Difference RM	Closing balance RM
The Group				
2020				
Deferred tax assets				
Unused tax losses	**199,611**	**(17,754)**	**-**	**181,857**
Other deductible temporary difference	**6,448,129**	**(1,255,184)**	**299**	**5,193,244**
	6,647,740	**(1,272,938)**	**299**	**5,375,101**
Deferred tax liabilities				
Property, plant and equipment	**(10,422,919)**	**1,540,935**	**-**	**(8,881,984)**
Net	**(3,775,179)**	**267,997**	**299**	**(3,506,883)**
2019				
Deferred tax assets				
Unused tax losses	161,991	37,620	-	199,611
Other deductible temporary difference	5,751,045	697,084	-	6,448,129
	5,913,036	734,704	-	6,647,740
Deferred tax liabilities				
Property, plant and equipment	(11,745,578)	1,322,659	-	(10,422,919)
Net	(5,832,542)	2,057,363	-	(3,775,179)

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Opening balance RM	Recognised in profit or loss RM	Currency Translation Difference RM	Closing balance RM
The Company				
2020				
Deferred tax assets				
Unused tax losses	**199,611**	**(17,754)**	-	**181,857**
Other deductible temporary difference	**462,509**	**182,754**	-	**645,263**
Net	**662,120**	**165,000**	-	**827,120**
2019				
Deferred tax assets				
Unused tax losses	161,991	37,620	-	199,611
Other deductible temporary difference	628,129	(165,620)	-	462,509
Net	790,120	(128,000)	-	662,120

17. INVENTORIES

	2020 RM	2019 RM
At cost:		
Raw materials	**63,505,623**	72,314,798
Work-in-progress	**31,649,679**	7,341,189
Finished goods	**31,437,773**	19,438,084
Goods-in-transit	**25,812,673**	7,386,482
	152,405,748	106,480,553
At net realisable value:		
Raw materials	**8,479,917**	-
Work-in-progress	**929,708**	-
Finished goods	**2,129,378**	-
	163,944,751	106,480,553

The cost of inventories recognised as an expense by the Group during the financial year was RM509,083,879 (2019: RM490,993,292).

The amount recognised by the Group as an expense during the year includes RM1,895,130 (2019: RM4,439,200) in respect of inventories written down to net realisable value and RM2,121,120 (2019: Nil) in respect of inventories written off.

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Trade				
Third parties	**122,775,485**	123,903,516	-	-
Less: Provision for ECL	**(298,760)**	(153,155)	-	-
	122,476,725	123,750,361	-	-
Related parties	**78,723,468**	-	-	-
Ultimate holding company	**316,463**	-	-	-
	201,516,656	123,750,361	-	-
Non-trade				
Amount owing by subsidiaries	-	-	**13,697,421**	20,157,421
Other receivables	**552,841**	904,687	-	-
Deposits	**410,491**	359,531	**2,000**	2,000
Prepayments	**4,364,291**	3,735,417	**13,844**	13,844
Goods and Services Tax ("GST") recoverable	**15,532**	1,068,061	-	-
	5,343,155	6,067,696	**13,713,265**	20,173,265
	206,859,811	129,818,057	**13,713,265**	20,173,265

The normal credit terms granted on the trade receivables balances range from 30 to 120 days (2019: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The trade amount due from related parties and ultimate holding company are subject to normal trade terms.

The non-trade amount owing by subsidiaries arose mainly from unsecured advances which are interest free and are repayable on demand.

The ageing analysis of the Group's trade receivable balances are disclosed in Note 32.

19. SHORT-TERM INVESTMENTS

	The Group and the Company	
	2020	2019
	RM	RM
Investment in unit trusts	**7,203,000**	10,533,158

The effective interest rate for the short-term investments are 0.90% to 2.50% (2019: 1.15% to 3.63%) per annum and can be redeemed at any time upon notice given to the financial institution. The unit trusts invest in a mixture of Islamic money market instruments and fixed deposits with different maturity period.

20. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Cash and bank balances	**38,384,226**	25,097,524	**282,721**	1,058,224
Fixed deposits with licensed banks	**69,837,824**	101,473,133	-	-
Short-term money market deposits	**35,484,450**	40,816,000	-	-
	143,706,500	167,386,657	**282,721**	1,058,224

Included in the Group's cash and bank balances is RM536,000 (2019: RM547,200) pledged to licensed banks as securities for banking facilities granted to the Group.

The effective interest rate and maturity period of the fixed deposits with licensed banks of the Group as at the end of the reporting period range from 1.30% to 2.00% (2019: 1.55% to 3.15%) per annum and 1 month (2019: 1 to 2 months) respectively.

The effective interest rate and maturity period of the short-term money market deposits of the Group as at the end of the reporting period range from 0.20% to 1.65% (2019: 1.40% to 3.40%) per annum and 1 to 2 months (2019: 1 to 2 months) respectively.

21. SHARE CAPITAL

	2020		2019	
	No. of shares	**RM**	**No. of shares**	**RM**
Issued and fully paid:				
Ordinary shares	**384,041,985**	83,202,902	**384,041,985**	83,202,902

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

22. RESERVES

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Non-distributable:				
Foreign currency translation reserve	**14,079,332**	14,760,415	-	-
Merger reserve	-	-	**16,408,221**	16,408,221
Revaluation reserve	**2,659,578**	2,659,578	-	-
	16,738,910	17,419,993	**16,408,221**	16,408,221

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising on translation of foreign subsidiaries companies. Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

22. RESERVES (CONT'D)

Revaluation reserve

Revaluation reserve represents increase in the value of property, plant and equipment and right-of-use assets, net of tax, as a result of change in use of the Group's owner-occupied property to investment property that was carried at fair value at the date of change in use.

Merger reserve

Merger reserve represents the difference between the cost of investment in subsidiaries and the nominal value of shares issued as consideration plus cash consideration.

23. RETAINED EARNINGS/(ACCUMULATED LOSSES)

The entire retained earnings of the Company as of December 31, 2019 is available for the distribution as single-tier dividends to the shareholders of the Company.

As at December 31, 2020, the Company has tax exempt profits available for distribution of RM60,357,187 (2019: RM60,357,187), subject to the agreement of the Inland Revenue Board.

24. RETIREMENT BENEFIT OBLIGATIONS

	The Group	
	2020	2019
	RM	RM
Present value of retirement benefit obligations, representing net liabilities	**1,800,736**	1,698,423
Analysed as:		
Current	**265,274**	270,817
Non-current	**1,535,462**	1,427,606

The amount recognised in the profit or loss of the Group are as follows:

	The Group	
	2020	2019
	RM	RM
Current services costs	**204,460**	204,622
Interest costs	**21,968**	21,968
	226,428	226,590

The following table sets out the reconciliation of the retirement benefit obligations of the Group:

	The Group	
	2020	2019
	RM	RM
Balance at beginning	**1,698,423**	1,361,840
Recognised in the profit or loss:		
Employee benefit expense	**226,428**	226,590
Contribution paid	**(89,454)**	-
Effects of movements in exchange rates	**(34,661)**	109,993
	1,800,736	1,698,423

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The principle actuarial assumptions used are as follows:

	The Group	
	2020	2019
Discount rate	**1.53%**	1.53%
Long term salary increment rate	**4.00%**	4.00%

The following table demonstrates the sensitivity analysis of the Group if significant actuarial assumptions at the end of each reporting period changed with all other variables held constant period:

	The Group		The Group	
	2020		2019	
	%	**RM**	%	RM
Discount rate increase	**1**	**(123,034)**	1	(115,664)
Discount rate decrease	**(1)**	**140,298**	(1)	131,966
Long-term salary increment rate increase	**1**	**150,819**	1	126,050
Long term salary increment rate increase	**(1)**	**(134,487)**	(1)	(112,942)

The average duration of the defined benefit plan obligation at the end of the reporting period is 11 years (2019: 12 years).

In 2019, the government of the country in which a foreign subsidiary is operating amended its Labour Protection Act which entails additional severance pay for employees who have worked for an uninterrupted period of twenty years or more. This change is considered an amendment to the post-employment benefit plan and additional liabilities is required to be recognised. The subsidiary has recorded the effects of change in the prior financial year's profit or loss.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Trade				
Third parties	**86,025,069**	56,208,024	-	-
Related companies	-	31,558	-	-
Related parties	**37,393,138**	434,490	-	-
	123,418,207	56,674,072	-	-
Non-trade				
Amount due to ultimate holding company	**16,543**	7,610	-	-
Amount due to directors	-	15,000	-	15,000
Other payables	**12,592,659**	13,824,671	**19,732**	361
Accruals	**12,929,825**	9,759,084	**2,709,561**	1,964,807
	25,539,027	23,606,365	**2,729,293**	1,980,168
	148,957,234	80,280,437	**2,729,293**	1,980,168

25. TRADE AND OTHER PAYABLES (CONT'D)

The normal credit terms granted on the trade payables balances range from 30 to 90 days (2019: 30 to 90 days).

The normal credit terms granted on the amounts due to related companies and related parties balances are 30 days (2019: 30 days).

The amount due to the ultimate holding company is unsecured, non-interest bearing and repayable on demand.

The amount due to directors represents directors' fee payable.

26. BORROWINGS

	The Group	
	2020	2019
	RM	RM
Current liabilities		
Onshore foreign currency loan	**19,820,264**	-
Multi-currency trade loan	**8,497,396**	-
	28,317,660	-

The effective interest rates and repayment term of the onshore foreign currency loan and multi-currency trade loan as at the end of the reporting period are at 2.71% and 2.57% respectively (2019: Nil) and 1 month (2019: Nil).

The bank borrowings are secured by way of corporate guarantee by the Company.

27. REFUND LIABILITIES

Refund liabilities represents volume rebates provided to certain customers which are entitled to a rebate once the quantity of products purchased during the period exceeds the threshold specified in the sales contract. The rebates will be offset against balance owing by the customers. The volume rebates provided are expected to materialised within the next financial year.

28. DIVIDENDS

Basic earnings per share

The net profit and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	The Group and the Company	
	2020	2019
	RM	RM
In respect of the financial year ended December 31, 2019:		
Interim single tier dividend of RM0.024 per share	**9,217,008**	-
Special interim single tier dividend of RM0.026 per share	**9,985,091**	-
In respect of the financial year ended December 31, 2018		
First and final single tier dividend of RM0.024 per share	-	9,217,008
Special single tier dividend of RM0.026 per share	-	9,985,091
	19,202,099	19,202,099

29. RELATED PARTY TRANSACTIONS

The following details of transactions between the Group and the Company with related parties were carried out under terms and conditions negotiated amongst the related parties.

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
With subsidiaries:				
Management fees received	-	-	**3,876,000**	3,556,000
Dividend received	-	-	**8,000,000**	13,332,900
With ultimate holding company:				
Sales to	**412,965**	9,400	-	-
Purchases from	**1,200,791**	992,858	-	-
With related parties:				
Sales to:				
Hon Hai Precision Industries Co., Ltd.	**5,771,138**	-	-	-
Pan-International (USA), Inc	**24,742**	-	-	-
With related companies:				
Purchases from:				
Foxconn Technology Co., Ltd	**147,472,620**	-	-	-
Hon Hai Precision Industries Co., Ltd.	**39,126,795**	427,841	-	-
Pan-International (USA), Inc	**907,314**	-	-	-
Hongfujin Precision Electronics (Yantai) Co. Ltd	**436,476**	-	-	-
ShenZhen Futaihong Precision Ind. Co. Ltd.	**222,770**	770,413	-	-
Foxconn Interconnect Technology Singapore Pte. Ltd.	**184,810**	4,558,593	-	-
Purchase of machinery and equipment from:				
Pan-International Industrial Corp.	-	17,386	-	-
Inspection fee paid to:				
Pan-International Industrial Corp.	-	132,956	-	-

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.

There were no transactions with any key management personnel during the year other than key management personnel compensation as disclosed in Note 7.

30. CAPITAL COMMITMENTS

	The Group	
	2020	2019
	RM	RM
Contracted and not provided for:		
Property plant and equipment	**17,963,326**	2,938,484

31. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

(a) manufacturing of industrial products (includes cables and wires for electronic devices, cable moulding compounds and PCB assemblies, cable and wire harness to computer, communication, consumer electronic industry and cable assemblies);

(b) trading of electronic materials (includes peripheral products of computers, telecommunication, consumer electronics and cable assembly products); and

(c) investment holding.

Segment profit

Performance is measured based on segment profit before tax, interest income and expense and rental income as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets of a segment, excluding income producing assets, current and deferred tax assets and investment in unit trusts as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

31. OPERATING SEGMENTS (CONT'D)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Manufacturing of industrial products RM	Trading of electronics materials RM	Investment holding RM	Elimination RM	Total RM
2020					
Revenue					
External revenue	**685,958,987**	**183,940**	**219,847**	**-**	**686,362,774**
Inter-segment revenue	**18,774,795**	**904,074**	**11,876,000**	**(31,554,869)**	**-**
Total revenue	**704,733,782**	**1,088,014**	**12,095,847**	**(31,554,869)**	**686,362,774**
Results					
Segment profit/(loss)	**48,429,498**	**(94,751)**	**7,886,904**	**(5,994,982)**	**50,226,669**
Rental income					**4,389,828**
Interest income					**2,040,056**
Interest expense					**(11,407)**
Profit before tax					**56,645,146**
Income tax expense					**(11,049,167)**
Profit for the year					**45,595,979**
2019					
Revenue					
External revenue	654,483,754	4,685,683	171,460	-	659,340,897
Inter-segment revenue	179,529	2,050,508	16,888,900	(19,118,937)	-
Total revenue	654,663,283	6,736,191	17,060,360	(19,118,937)	659,340,897
Results					
Segment profit/(loss)	38,995,188	(94,516)	13,843,333	(13,696,348)	39,047,657
Rental income					4,667,602
Interest income					2,656,381
Interest expense					(570,448)
Profit before tax					45,801,192
Income tax expense					(9,243,840)
Profit for the year					36,557,352

31. OPERATING SEGMENTS (CONT'D)

Segment assets and liabilities

	Manufacturing of industrial products RM	Trading of electronics materials RM	Investment holding RM	Total RM
2020				
Assets				
Segment assets	**392,075,733**	**5,177,880**	**2,020,230**	**399,273,843**
Income producing assets				**255,549,411**
Current and deferred tax assets				**1,558,963**
Investment in unit trusts				**7,203,000**
Total assets				**663,585,217**
2019				
Assets				
Segment assets	339,252,343	1,910,523	2,795,733	343,958,599
Income producing assets				186,517,223
Current and deferred tax assets				1,009,139
Investment in unit trusts				10,533,158
Total assets				542,018,119

Other segment information

	Manufacturing of industrial products RM	Trading of electronics materials RM	Investment holding RM	Total RM
2020				
Other information				
Additions to non-current assets	**28,970,013**	-	-	**28,970,013**
Bad debts written off	**2,233**	-	-	**2,233**
Depreciation of property, plant and equipment and right-of-use assets	**17,817,517**	-	-	**17,817,517**
Provision/(reversal of provision) for expected credit loss of trade receivables, net	**146,888**	**(353)**	-	**146,535**
Fair value gain on investment properties	**2,803,336**	-	-	**2,803,336**
Fair value loss on financial asset at fair value through profit or loss	-	-	**54,972**	**54,972**
Loss on disposal of property, plant and equipment	**196,930**	-	-	**196,930**
Gain on disposal of short-term investments	-	-	**25,582**	**25,582**
Interest expense	**11,407**	-	-	**11,407**
Interest income	**1,999,999**	**39,648**	**409**	**2,040,056**
Inventories written down	**1,895,130**	-	-	**1,895,130**
Inventories written off	**2,121,120**	-	-	**2,121,120**
Unrealised (gain)/loss on foreign exchange	**(1,817,586)**	-	**21,094**	**(1,796,492)**

31. OPERATING SEGMENTS (CONT'D)

Other segment information (Cont'd)

	Manufacturing of industrial products RM	Trading of electronics materials RM	Investment holding RM	Total RM
2019				
Other information				
Additions to non-current assets	7,474,711	-	-	7,474,711
Bad debts written off	49,122	-	-	49,122
Depreciation of property, plant and equipment and right-of-use assets	16,099,155	-	-	16,099,155
Provision/(reversal of provision) for expected credit loss of trade receivables, net	(1,282,017)	401	-	(1,281,616)
Fair value gain on investment properties	520,000	-	-	520,000
Fair value gain on financial asset at fair value through profit or loss	-	-	40,105	40,105
Gain on disposal of property, plant and equipment	13,625	-	-	13,625
Gain on disposal of short-term investments	-	-	49,841	49,841
Interest expense	570,448	-	-	570,448
Interest income	2,552,129	93,763	10,489	2,656,381
Inventories written down	4,439,200	-	-	4,439,200
Property, plant and equipment written off	161,890	-	-	161,890
Unrealised loss/(gain) on foreign exchange	3,792,375	(1,120)	-	3,791,255

Geographical information

The Group's manufacturing activities are located in Malaysia and Thailand and trading activities are located in Malaysia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of the customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate), goodwill and deferred tax assets.

	Revenue RM	Non-current assets RM
2020		
Malaysia	**403,292,676**	**125,029,716**
Other Asia Pacific countries	**93,051,073**	**13,560,811**
Europe countries	**77,075,780**	-
United States of America	**112,943,245**	-
	686,362,774	**138,590,527**
2019		
Malaysia	254,537,398	114,516,046
Other Asia Pacific countries	152,898,486	10,552,844
Europe countries	79,266,071	-
United States of America	172,638,942	-
	659,340,897	125,068,890

31. OPERATING SEGMENTS (CONT'D)

Information about major customers

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

	Revenue 2020 RM	Revenue 2019 RM	Segments
Customer A	**176,724,651**	-	Manufacturing of industrial products
Customer B	**100,600,551**	145,050,078	Manufacturing of industrial products
Customer C	**94,326,894**	116,143,178	Manufacturing of industrial products
	371,652,096	261,193,256	

32. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. Management monitors capital based on ability of the Group and of the Company to generate sustainable profits. The Group's and the Company's overall strategy remains unchanged from 2019.

b. Categories of financial instruments

	The Group		The Company	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Financial assets				
At amortised cost:				
Trade and other receivables, excluding prepayments and GST recoverable	**202,479,988**	125,014,579	**13,699,421**	20,159,421
Cash and cash equivalents	**143,706,500**	167,386,657	**282,721**	1,058,224
At fair value through profit or loss:				
Short-term investments	**7,203,000**	10,533,158	**7,203,000**	10,533,158
Financial liabilities				
At amortised cost:				
Trade and other payables	**148,957,234**	80,280,437	**2,729,293**	1,980,168
Borrowings	**28,317,660**	-	**-**	-
Refund liabilities	**1,324,561**	1,644,433	**-**	-
Retirement benefit obligations - current	**265,274**	270,817	**-**	-
Retirement benefit obligations non-current	**1,535,462**	1,535,462	**-**	-

32. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives and policies

The operations of the Group and of the Company are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate risk, liquidity risk and cash flow risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

i. Market risk management

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the raw materials used in the operations.

There has been no change to the Group's exposure to market risk or the manner in which these risks are managed and measured.

ii. Foreign currency risk management

The Group and the Company have exposure to foreign exchange risk as a result of transactions, receivables and payables in foreign currencies arising from normal operating activities. The Group and the Company enter into derivative financial instruments to manage its exposure to foreign currency risk, including foreign currency forward contracts to hedge the exchange rate risks arising on foreign currency transactions.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Assets				
United States Dollar	**189,045,858**	203,428,483	**1,048,511**	1,061,533
Euro	**4,997,175**	8,135,924	-	-
Singapore Dollar	**3,430**	266,962	-	-
Others	**25,646**	5,668,099	-	-
Liabilities				
United States Dollar	**153,434,010**	54,129,646	-	-
Euro	**383,576**	322,145	-	-
Singapore Dollar	**4,056**	32,258	-	-
Others	**1,051,408**	25,035	-	-

32. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives and policies (Cont'd)

ii. Foreign currency risk management (Cont'd)

The following table details the Group's and the Company's sensitivity to a 10% (2019: 10%) increase and decrease in the RM against the relevant foreign currencies. 10% (2019: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2019: 10%) change in foreign currency rates. A positive number below indicates an increase in profit net of tax (2019: an increase in profit net of tax) and a negative number indicates a decrease in profit net of tax (2019: a decrease in profit net of tax) where the RM strengthens 10% (2019: 10%) against the relevant currency. For a 10% (2019: 10%) weakening of the RM against the relevant currency, it would have had equal but opposite effect on the below currencies to the amounts shown below.

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Impact on profit or loss				
United States Dollar	**(3,561,185)**	(14,929,884)	**(104,851)**	(106,153)
Euro	**(461,360)**	(781,378)	**-**	-
Singapore Dollar	**63**	(23,470)	**-**	-
Others	**102,576**	(564,306)	**-**	-

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company use its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the end of the reporting period, approximately 54% (2019: 59%) of the Group's trade receivables were due from 3 (2019: 2) major customers. Apart from these major customers, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

32. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives and policies (Cont'd)

iii. Credit risk management (Cont'd)

(a) Ageing analysis - maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables of the Group as at the end of the reporting period is as follows:

	Gross RM	Loss allowance RM	Net RM
2020			
Not past due	**104,845,830**	**(55,003)**	**104,790,827**
1 to 30 days past due	**14,611,814**	**-**	**14,611,814**
31 to 60 days past due	**2,196,126**	**(34,168)**	**2,161,958**
61 to 90 days past due	**779,973**	**(12,343)**	**767,630**
Past due more than 90 days	**341,742**	**(197,246)**	**144,496**
	122,775,485	**(298,760)**	**122,476,725**
2019			
Not past due	70,558,997	(62,889)	70,496,108
1 to 30 days past due	32,503,793	(314)	32,503,479
31 to 60 days past due	19,748,387	(13,803)	19,734,584
61 to 90 days past due	589,950	(21,246)	568,704
Past due more than 90 days	502,389	(54,903)	447,486
	123,903,516	(153,155)	123,750,361

The ECL allowance is calculated based on expected loss rate ranging from 0.3% to 100% (2019: 0.3% to 100%).

The provision for expected credit loss of trade receivables as at December 31, 2020 reconciles to the opening provision for expected credit loss of trade receivables as follows:

	2020 RM	2019 RM
At January 1	**153,155**	1,421,467
Provision for expected credit loss	**166,581**	28,143
Reversal of provision for expected credit loss	**(20,046)**	(1,309,759)
Effects of movements in foreign exchange rates	**(930)**	13,304
At December 31	**298,760**	153,155

32. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives and policies (Cont'd)

iii. Credit risk management (Cont'd)

(b) Financial guarantees - risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries up to a limit of RM118,884,700 (2019: RM132,470,000). The maximum exposure to credit risk is RM28,317,660 (2019: RM Nil) as there was outstanding facilities utilised by the said subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

Financial guarantees have not been recognised as the fair value on initial recognition was not material since no consideration was paid.

iv. Interest rate risk management

The Group's fixed rate fixed deposits with licensed banks and short-term money market deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instrument mainly comprising of borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's significant interest-earning financial instruments, based on carrying amounts as at the end of the reporting period is as follows:

	The Group	
	2020	2019
	RM	RM
Fixed rate instruments		
Fixed deposits with licensed banks	**69,837,824**	101,473,133
Short-term money market deposits	**35,484,450**	40,816,000
Borrowings	**28,317,660**	-

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on fixed interest bearing financial instruments at the end of reporting period.

32. FINANCIAL INSTRUMENTS (CONT'D)

c. Financial risk management objectives and policies (Cont'd)

v. Liquidity risk management

As a result of the COVID-19 pandemic, there is increased attention for and monitoring of risks associated with working capital that might impact the Group's and the Company's liquidity. The Group and the Company remain focused on ensuring sufficient access to money markets to finance business growth and to meet its debt obligations. The Group and the Company seeks to align the maturity profile of its financial obligations with its forecasted cash flow generation. Furthermore, strong cost and cash management are in place to preserve cash and protect the Group's and the Company's liquidity.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	The Group		The Company	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Not later than 1 year				
Trade and other payables	**148,957,234**	80,280,437	**2,729,293**	1,980,168
Borrowings	**28,496,840**	-	**-**	-
Refund liabilities	**1,324,651**	1,644,433	**-**	-
Retirement benefit obligations	**304,154**	313,608	**-**	-
Later than one year and not later than five years				
Retirement benefit obligations	**1,569,382**	1,558,460	**-**	-

All non-derivative financial assets and financial liabilities of the Group and of the Company are repayable on demand or due within 1 year from the end of the reporting period.

vi. Cash flow risk management

The Group and the Company review its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

d. Fair value measurement

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

i. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined, in particular the valuation techniques and inputs used.

	The Group and the Company	
	2020	2019
	RM	RM
Investment in unit trusts:		
Fair value:		
Assets	**7,203,000**	10,533,158

32. FINANCIAL INSTRUMENTS (CONT'D)

d. Fair value measurement (Cont'd)

i. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Fair value hierarchy	Level 1
Valuation technique and key input	The investment in unit trusts which are quoted in an active market are carried at fair value by reference to their quoted closing bid price at the end of the reporting period.
Significant unobservable input	Not applicable
Relationship of unobservable input to fair value	Not applicable

There was no transfer between Levels 1 and 2 during the period.

ii. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values due to the short maturity of these financial instruments.

33. CONTINGENT LIABILITIES

Indirect tax dispute with the Royal Malaysian Customs ("RMC")

In 2015, a subsidiary of the Group, Pan-International Electronics (Malaysia) Sdn. Bhd. ("PIESB") received demand letters from the RMC regarding unpaid import duties and sales tax amounting to RM8,432,283 and RM841,342 respectively.

The RMC had blacklisted all the Directors of PIESB from leaving and entering Malaysia and arising from this, the external legal counsel of PIESB had filed a judicial review application in the High Court of Malaya to challenge the condition imposed by the RMC. The RMC had subsequently withdrawn the blacklisting of all Directors with the condition that PIESB remit a payment of 20% of the disputed sum and placed a bank guarantee with the RMC for the remaining sum. PIESB had complied with the instructions of the RMC without prejudice.

To date, the RMC had not filed any suit against PIESB for the above said claim. PIESB had filed an appeal with the Ministry of Finance ("MOF"), Malaysia regarding the alleged unpaid import duties and sales tax of which its application was verbally rejected by the MOF on 31 October 2017. Subsequent to the rejection, the external legal counsel of PIESB had applied for a judicial review on the decision of the MOF with the High Court of Penang. The High Court of Penang dismissed PIESB's application for a judicial review. Following the dismissal by the High Court of Penang, PIESB had submitted an appeal application against the decision of the High Court of Penang to the Court of Appeals of which hearing of the case was fixed on 24 June 2019.

The Court of Appeal however decided that the appeal was premature as there was no documentary proof that the MOF had issued a letter to dismiss PIESB appeal for remission of the custom duties and sales tax. As such, the solicitor had advised PIESB to write a fresh letter of appeal to the MOF to request the Minister of Finance to reconsider and allow its appeal for the remission of the custom duties and sales tax. The external legal counsel of PIESB is still awaiting the Minister of Finance to reply to its fresh letter of appeal and believes that the chances of PIESB's judicial review on the decision of the Ministry of Finance are reasonably good.

34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organization in March 2020 declared the Coronavirus disease outbreak ("COVID-19") as a global pandemic. In Malaysia, the Malaysian Government has taken certain actions in dealing with the pandemic, which included the declaration of the Movement Control Order ("MCO") which came into effect on March 18, 2020. The introduction of the MCO resulted in the suspension of businesses that were non-essential in the country and had interfered with the general activity levels in the community and the economy.

However, the subsidiaries in Malaysia have not seen a significant impact on their operations, business activities or financial results arising from COVID-19 and the introduction of the MCO as the subsidiaries have successfully obtained approval from the Ministry of International Trade and Industry ("MITI") to operate during the MCO period. On the other hand, the operations in Thailand and Singapore were not interrupted as business activities were not restricted in the area which the subsidiaries operate.

In response to the COVID-19 pandemic, the subsidiaries in Malaysia has implemented measures to mitigate the risk of disruption to its production and business operations. As part of its risk mitigation measures, the subsidiaries had in place preventive measures such as diversifying its supply chain and holding higher inventory amounts as part of its response to mitigate the potential risk of disruption to its business.

Subsequent to the financial year end, the Malaysian Government had reimplemented the Movement Control Order ("MCO 2.0") due to the rising number of COVID-19 infections in Malaysia. MCO 2.0 came into effect on January 13, 2021 and only selected sectors of the economy were allowed to operate, subject to certain restrictions and compliance to the standard operating procedures. The subsidiaries in Malaysia have successfully obtained approval from the MITI to operate during the MCO 2.0 period. Thus, the business and operation of subsidiaries in Malaysia were not significantly affected by the implementation of MCO 2.0.

The Company is principally involved in investment holding and provision of management services. Therefore, its business and operations were not significantly affected by the outbreak of COVID-19 and the implementation of MCO and MCO 2.0.

Nevertheless, there continues to be considerable uncertainty over the scale and duration of the impact arising from COVID-19. As the related financial impact cannot be estimated with sufficient reliability, the Group does not consider it practical to provide a quantitative estimate of the potential impact of COVID-19 on the Company as at the date of this report.

Overall, the outbreak of COVID-19 and the implementation of the MCO and MCO 2.0 has not resulted in any material impact to the Company's business and operations as of the date of these financial statements.

35. SUBSEQUENT EVENTS

Details on the impact of COVID-19 to the Company are as disclosed in Note 34.

Other than the above, there are no other subsequent events to be disclosed.

36. COMPARATIVE FIGURES

Certain comparative figures of the Company have been reclassified to conform with the presentation in the current financial year. These relate to the following:

	As previously reported RM	Reclassification RM	As reclassified RM
The Company			
Statement of financial position as of December 31, 2019			
Trade and other receivables – non-current	12,024,421	(12,024,421)	-
Trade and other receivables – current	8,148,844	12,024,421	20,173,265

STATEMENT BY DIRECTORS

The directors of **P.I.E. INDUSTRIAL BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2020 and of the financial performance and the cash flows of the Group and of the Company for the year then ended on that date.

Signed in accordance with a resolution of the Directors,

MUI CHUNG MENG

LAN, KUO-YI

Date: March 22, 2021

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LAN, KUO-YI**, the director primarily responsible for the financial management of **P.I.E. INDUSTRIAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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 **LAN, KUO-YI** at

PERAI in the **State of PENANG**

on **March 22, 2021**

Before me,

PREMJIT SINGH (NO. P107)
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 19 MARCH 2021

Total Number of Issued Shares	:	384,041,985
Class of Share	:	Ordinary Shares with equal voting rights
Number of Shareholders	:	5,030

DISTRIBUTION OF SHAREHOLDERS AS AT 19 MARCH 2021

Holdings	No. of Holders	Total Holdings	%
1 - 99	13	231	0.00
100 - 1,000	937	716,174	0.18
1,001 - 10,000	2,819	13,597,090	3.54
10,001 – 100,000	1,083	33,445,605	8.71
100,001 – 19,202,098	177	138,822,900	36.15
19,202,099 and above	1	197,459,985	51.42
Total	5,030	384,041,985	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 19 MARCH 2021

	Name	Shareholdings	%
1.	Pan Global Holding Co. Ltd	197,459,985	51.42
2.	Amanahraya Trustees Berhad Public Smallcap Fund	13,349,000	3.48
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	12,758,500	3.32
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mak Tian Meng (7001418)	7,265,200	1.89
5.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	6,850,000	1.78
6.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mak Tian Meng (MY3136)	6,636,100	1.73
7.	Goh Thong Beng	6,000,000	1.56
8.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yoke Fong @ Wong Nyok Fing (M)	3,845,100	1.00
9.	Wong Yoke Fong @ Wong Nyok Fing	3,590,600	0.93
10.	Amanahraya Trustees Berhad Public Islamic Growth Balanced Fund	3,121,800	0.81
11.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Singular Value Fund	2,745,400	0.71
12.	Chung Lean Hwa	2,460,000	0.64
13.	Amanahraya Trustees Berhad Public Select Treasures Equity Fund	2,379,800	0.62
14.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	2,316,200	0.60
15.	Lim Soon Huat	2,028,000	0.53
16.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	1,928,200	0.50
17.	Tokio Marine Life Insurance Malaysia Bhd AS Beneficial Owner (TMEF)	1,780,000	0.46
18.	Amanahraya Trustees Berhad PMB Shariah Growth Fund	1,700,000	0.44
19.	Wong Yoon Tet	1,590,000	0.41
20.	Maybank Nominees (Tempatan) Sdn Bhd Wong Goay Suan	1,508,200	0.39

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 19 MARCH 2021 (CONT'D)

	Name	Shareholdings	%
21.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	1,482,300	0.39
22.	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	1,478,100	0.38
23.	Yeoh Yew Choo	1,258,500	0.33
24.	Outstanding Growth Technology Limited	1,240,700	0.32
25.	Wong Yoon Chyuan	1,164,000	0.30
26.	Mak Mei Ling	1,080,000	0.28
27.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mak Tian Meng	937,000	0.24
28.	UOBM Nominees (Tempatan) Sdn Bhd UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Aggressive Fund	924,300	0.24
29.	Mak Tian Meng	914,200	0.24
30.	Amanahraya Trustees Berhad Public Mutual PRS Conservative Fund	896,700	0.23

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2021

	Name	Direct No. of shares held	%	Indirect No. of shares held	%
1.	Pan Global Holding Co., Ltd	197,459,985	51.42	-	-
2.	Pan-International Industrial Corporation	-	-	197,459,985*	51.42

Note:

* *By virtue of its substantial interest in Pan Global Holding Co., Ltd.*

DIRECTOR SHAREHOLDING AS AT 19 MARCH 2021

	Name	Direct Shareholding	%	Indirect Shareholding	%
1.	Mui Chung Meng[1]	10,000	0.00	2,460,000*	0.64
2.	Wong Thai Sun	-	-	-	-
3.	Lee Cheow Kooi	-	-	-	-
4.	Loo Hooi Beng	-	-	-	-
5.	Koay San San	-	-	-	-
6.	Lan, Kuo-Yi	-	-	-	-

PERSON CONNECTED TO DIRECTOR

	Name	Direct Shareholding	%	Indirect Shareholding	%
1.	Chung Lean Hwa[1]	2,460,000	0.64	-	-

[1] *Being spouse of the Director*

* *Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 via spouse*

TOP 10 PROPERTIES OWNED BY P.I.E. INDUSTRIAL BERHAD GROUP OF COMPANIES

AS AT 31 DECEMBER 2020

Location/Title	Tenure	Approximate Area	Description	Net Book Value as at 31.12.2020 (RM)	Age of Building (Years)	Year of Acquisition (A)/ Revaluation (R)
H.S.(D) 37959, P.T. No. 3188, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 5.6.2050)	Land : 5.780 acres Built up : 14,177 sq. meters	Industrial complex - 2 storey detached office cum factory - guard house and other outbuildings	16,140,000	30	2020 (R)
H.S.(D) 31755, Lot No. 5019, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 11.11.2050)	Land : 4 acres Built up : 7,421 sq. meters	Industrial complex - 1 storey factory A - Annexed 2 storey office - 1 storey factory B - guard house and canteen	16,000,000	30	2020 (R)
H.S.(D) 4628, P.T. No. 3205, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 11.11.2050)	Land : 7.0 acres Built up : 18,337 sq. meters	Industrial complex - 2 storey office - 1 storey factory - Annexed 3 storey new production areas cum canteen - 1 storey warehouse	10,596,547	28	1990 (A) & 2010 (R)
H.S (D) No. 38146, P.T. No. 3227, Mukim 1, Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 5.2.2051)	Land : 4 acres Built up : 15,963 sq. meters	Industrial complex - 3 storey office - 2 storey factory complex - guard house	10,458,777	25	2012 (R)
H.S.(D) 4634, P.T. No. 3211, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 3.12.2050)	Land : 3.08 acres Built up : 11,728 sq. meters	Industrial complex - 2 storey detached office cum factory	10,330,000	28	2020 (R)
H.S.(D) 31801, P.T. No. 3245, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang ^	Leasehold – 60 years (expire on 3.6.2051)	Land : 5.54 acres Built up : 8,300 sq. meters	Industrial complex - 1 storey detached factory building	9,135,542	30	2010 (A) & 2010 (R)
H.S.(D) 4633, P.T. No. 3210, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang *	Leasehold – 60 years (expire on 3.12.2050)	Land : 5.0 acres Built up : 12,257 sq. meters	Industrial complex - 2 storey office - 1 storey factory	5,393,814	26	1990 (A) & 2020 (R)
T/D No. 10832, No.101/47/15 Moo 20 Navanakorn I.E.Zone 1, Phaholyothin Road, Klongnueng Subdistrict, Klongluang Distric, Pathumtani, Thailand @	Freehold	Land : 0.64 acres Built up : 2,251 sq. meters	Industrial complex - 2 storey office - 1 storey factory - 1 storey store	2,755,710	31	2020 (R)

TOP 10 PROPERTIES OWNED BY P.I.E. INDUSTRIAL BERHAD GROUP OF COMPANIES (CONT'D)

AS AT 31 DECEMBER 2020

Location/Title	Tenure	Approximate Area	Description	Net Book Value as at 31.12.2020 (RM)	Age of Building (Years)	Year of Acquisition (A)/ Revaluation (R)
T/D No. 10051, No.101/4/1 Moo 20 Navanakorn I.E.Zone 1, Phaholyothin Road, Klongnueng Subdistrict, Klongluang Distric, Pathumtani, Thailand @	Freehold	Land : 0.44 acres Built up : 1,183 sq. meters	Industrial complex - 1 storey office - 1 storey factory - 1 storey store	1,760,157	30	2020 (R)
H.S.(D) HBM2 P.T. No. 3410, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 99 years (expire on 13.4.2091)	Built up : 1,951 sq. meters	Staff housing - 24 units of medium-cost apartments	1,663,478	26	2010 (R)

Note:

* The land is owned by Pan-International Electronics (Malaysia) Sdn. Bhd. whilst the industrial building on the land is owned by Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

^ All the land and buildings are owned by Pan-International Wire & Cable (Malaysia) Sdn. Bhd.

All the land and buildings are owned by Pan-International Electronics (Malaysia) Sdn. Bhd.

@ All the land and buildings are owned by Pan International Electronics (Thailand) Co., Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fourth Annual General Meeting of the Company will be held at Meeting Room 5, Level 1, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang, Malaysia on Friday, 21 May 2021 at 9.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Reports of the Directors and of the Auditors thereon. (Please refer to Note A)

2. To approve the payment of the following Dividends for the financial year ended 31 December 2020:
   a) A Special Single Tier Dividend of 2.6 sen per share; (Resolution 1)
   b) A First and Final Single Tier Dividend of 2.4 sen per share. (Resolution 2)

3. To approve the payment of Directors' Fees of up to RM69,000.00 for the financial year ended 31 December 2020. (Resolution 3)

4. To re-elect the following Directors retiring under the respective provision of the Constitution of the Company, and who being eligible, offered themselves for re-election:

a)	Mr Loo Hooi Beng	Article 102(1)	(Resolution 4)
b)	Ms Koay San San	Article 102(1)	(Resolution 5)
c)	Mr Lan, Kuo-Yi	Article 107(2)	(Resolution 6)

5. To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM60,000.00 from 1 June 2021 until the next Annual General Meeting (AGM) of the Company. (Resolution 7)

6. To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 8)

SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS

7. **Continuation in Office as an Independent Non-Executive Director**

   "That subject to the passing of Ordinary Resolution 4, authority be and is hereby given to Mr Loo Hooi Beng to continue to serve as an Independent Non-Executive Director of the Company." (Resolution 9)

8. **Authority to Issue Shares**

   "That pursuant to Sections 75 & 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("Main LR") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any right granted, to be issued from conversion of any securities, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate")." (Resolution 10)

8. **Authority to Issue Shares (Cont'd)**

"THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021."

"That with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Main LR provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights grants, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate")."

"That the Proposed 10% General Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company
(b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

which is the earlier."

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandates")

"That the Directors of the Company be and are hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities."

"That authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandates with full powers to assent to any conditions, modifications, variations and/ or amendments as they may deem fit in the best interest of the Company and/ or as may be imposed by the relevant authorities."

"And further that the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandates."

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** (Resolution 11)

"That, approval be and is hereby given for the purpose of Chapter 10 of Main LR for the Company and its group of companies to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for its day-today operations as listed in Section 3 of the Circular to the shareholders dated 22 April 2021, provided that such transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to the Mandated Related Parties than those generally available to the public, are not to the detriment of the minority shareholders and disclosures on the breakdown of the aggregate value of these transactions conducted pursuant to the shareholders' mandate shall be made available in the Annual Report for the year ending 31 December 2021 ("the Mandate") and the Directors of the Company are hereby authorised to give effect to the various arrangements and/or transactions related to the above transactions and this shareholders' mandate.

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") (Cont'd)**

And That the approval given above shall continue in force until:

(a) the conclusion of the next AGM of the Company following the general meeting at which the Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
(c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

WONG YEE LIN (MIA15898)
SSM PC NO. 201908001793

HING POE PYNG (MAICSA 7053526)
SSM PC NO. 202008001322
Secretaries

Penang
Date: 22 April 2021

Notes:

A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution do not require a formal approval of the shareholders and hence, is not put forward for voting.

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 12 May 2021. Only a depositor whose name appears on the Record of Depositors as at 12 May 2021 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.

2. A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend and to vote in his/her place. If a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

5. The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, not less than 24 hours before the time appointed for holding the meeting.

Explanatory Note On Special Business:

1. Resolution 9 – Continuation in Office as an Independent Non-Executive Director

Resolution 9, if passed, will allow Mr Loo Hooi Beng to be retained and continue acting as Independent Non-Executive Director ("INED") to fulfil the requirements of Paragraph 3.04 of Main LR and in line with the Practice No. 4.2 of the Malaysia Code on Corporate Governance ("MCCG").

The Board will be seeking shareholders' approval to retain Mr Loo Hooi Beng as an INED by way of Ordinary Resolution passed through a two-tier voting process as recommended under Practice 4.2 of MCCG at the 24th AGM.

The Board had assessed the performance and independence of Mr Loo Hooi Beng and recommended that the approval of the shareholders be sought for him to continue to serve as INED of the Company, based on the following justification:

i) He had fulfilled the criteria under the definition of an Independent Director as stated in the Main LR;

ii) He had demonstrated throughout the terms of their office to be independent by exercising independent judgment when a matter is put before him for decision. Thus, he would be able to function as check and balance, provide broader view and brings an element of objectivity to the Board;

iii) He had participated actively and contributed positively during deliberations or discussions at Board Meetings;

iv) He had performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the Management.

The proposed Resolution 9, if passed, enables Mr Loo Hooi Beng to continue to act as INED of the Company.

Otherwise, he will be re-designated as a Non-Independent Non-Executive Director and relinguish his position as an Independent Non-Executive Director of the Company upon the conclusion of the 24th AGM.

2. Resolution 10 - Authority to issue Shares

The proposed Resolution 10, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main LR.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution 10 is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grants of rights to subscribe, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

Explanatory Note On Special Business (Cont'd):

2. Resolution 10 - Authority to issue Shares (Cont'd)

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 23rd AGM. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

3. Resolution 11 - Renewal of Proposed Shareholders' Mandate

The proposed Resolution 11, if passed, will enable the Company and/or its subsidiaries ("Group") to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transaction being carried out in the ordinary course of business at arm's length basis and on normal commercial terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to shareholders dated 22 April 2021.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No individual is standing for election as a Director at the forthcoming AGM of the Company.

COVID-19 OUTBREAK MEASURE NOTES

The health and safety of our members and staff who will attend the AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the AGM:

1. *All attendees must sanitise their hands and will be required to wear face masks, undergo temperature check, provide contact details and make health declaration prior to entering the meeting venue.*

2. *All attendees are required to wear face mask at all times and download MySejahtera mobile application and scan the QRcode at the AGM venue for contact tracing, if required in the future by any relevant parties.*

3. *All attendees are required to social distancing of at least 1 meter throughout the AGM and only allowed to sit at the place arranged by the Company.*

4. *Shareholders/proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the AGM in person.*

5. *Any attendee with body temperature at 37.5°C and above or exhibits flu-like symptoms will not be allowed to enter the meeting hall.*

6. *All attendees who are under Investigation and/or Person under Surveillance of COVID-19 are not allowed to attend the AGM.*

7. *There will be no door-gift provided to the attendees.*

8. *Shareholders/proxies are advised to arrive early at the AGM venue given that the above-mentioned precautionary measures may cause delay in the registration process.*

9. *Shareholders are required to register ahead of the AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants. Thus, kindly RSVP your intention to attend the AGM by email to smboon@pan-intl.com.*

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the following Dividends for the year ended 31 December 2020, if approved, will be paid on 18 June 2021 to depositors registered in the Records of Depositors on 28 May 2021:

1) A Special Single Tier Dividend of 2.6 sen per share; and
2) A First and Final Single Tier Dividend of 2.4 sen per share.

A Depositor shall qualify for entitlement to the Dividend in respect of:

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28 May 2021 in respect of transfers;

b) shares deposited into the Depositor's Securities Account before 12.30 p.m. in respect of securities exempted from mandatory deposit; and

c) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board,

WONG YEE LIN (MIA15898)
SSM PC NO. 201908001793

HING POE PYNG (MAICSA 7053526)
SSM PC NO. 202008001322
Secretaries

Penang
Date: 22 April 2021

PROXY FORM

P. I. E. INDUSTRIAL BERHAD
Registration No.: 199701008590 (424086-X)
(Incorporated in Malaysia)

No. of Ordinary Shares held		CDS Account No.	
Contact No.		Email Address	

*I/We, ______________________________ (NRIC no. / Passport No. ______________________)
of ____
being a member of P.I.E. Industrial Berhad hereby appoint (Proxy 1) ______________________
(NRIC no. / Passport No. ______________________) and*/or failing him* (Proxy 2), ______________
______________________________ (NRIC no. / Passport No. ______________________)
of ____
and*/or failing him*, the Chairman of the Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company to be held at Meeting Room 5, Level 1, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang, Malaysia on Friday, 21 May 2021 at 9.00 a.m. and at any adjournment thereof as indicated below:

The proportions of *my/our holdings to be represented by *my/our proxy(ies) are as follows:

Proxy 1	%	Proxy 2	%

In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on my/our behalf.

*I/We hereby indicate with an "X" in the spaces provided how *I/we wish *my/our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

** Strike out whichever is inapplicable*

No.	Resolutions	For	Against
1.	To approve the payment of a Special Single Tier Dividend of 2.6 sen per share for the financial year ended 31 December 2020.		
2.	To approve the payment of a First and Final Single Tier Dividend of 2.4 sen per share for the financial year ended 31 December 2020.		
3.	To approve the payment of Directors' Fees of up to RM69,000.00 for the financial year ended 31 December 2020.		
4.	To re-elect Mr Loo Hooi Beng as Director.		
5.	To re-elect Ms Koay San San as Director.		
6.	To re-elect Mr Lan, Kuo-Yi as Director.		
7.	To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM60,000.00 from 1 June 2021 until the next Annual General Meeting of the Company.		
8.	To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
9.	To retain Mr Loo Hooi Beng as an Independent Non-Executive Director.		
10.	To authorise Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		
11.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Signed this _________ day of _________, 2021. Signature / Common Seal of Shareholder ______________________

Notes:

A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution do not require a formal approval of the shareholders and hence, is not put forward for voting.

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 12 May 2021. Only a depositor whose name appears on the Record of Depositors as at 12 May 2021 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/ her stead.

2. A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend and to vote in his/ her place. If a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

5. The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, not less than 24 hours before the time appointed for holding the meeting.

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Stamp

The Company Secretaries

P.I.E. INDUSTRIAL BERHAD

Registration No.: 199701008590 (424086-X)

(Incorporated in Malaysia)

51-8-A, Menara BHL

Jalan Sultan Ahmad Shah

10050 Georgetown

Pulau Pinang, Malaysia.

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P. I. E. INDUSTRIAL BERHAD

Registration No.: 199701008590 (424086-X)

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