P. I. E. INDUSTRIAL BERHAD

Registration No.: 199701008590 (424086-X)

ANNUAL REPORT 2023

Shaping the Future

THROUGH INNOVATION

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Corporate Information

BOARD OF DIRECTORS

Lim Chien Ch'eng
Independent Non-Executive Chairman

Mui Chung Meng
Managing Director

Lan, Kuo-Yi
Executive Director

Wong Thai Sun
Independent Non-Executive Director

Koay San San
Independent Non-Executive Director

Lee Cheow Kooi
Non-Independent Non-Executive Director

Huang, Yi-Ling
Non-Independent Non-Executive Director
(Appointed w.e.f. 23 February 2024)

AUDIT COMMITTEE

Wong Thai Sun (Chairman)
Koay San San
Lee Cheow Kooi

NOMINATING COMMITTEE

Koay San San (Chairman)
Wong Thai Sun
Lee Cheow Kooi

RISK MANAGEMENT COMMITTEE

Koay San San (Chairman)
Wong Thai Sun
Lan, Kuo-Yi

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
Hong Leong Bank 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 George Town
Pulau Pinang

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

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Registration No.: 197701005827 (36869-T)
Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 Pulau Pinang

Tel: +604-263 1966
Fax: +604-262 8544

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.
  - 30%* 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.

* The shareholdings diluted from 100% to 30% following the allotment of shares to new shareholder (w.e.f. 24 February 2023)

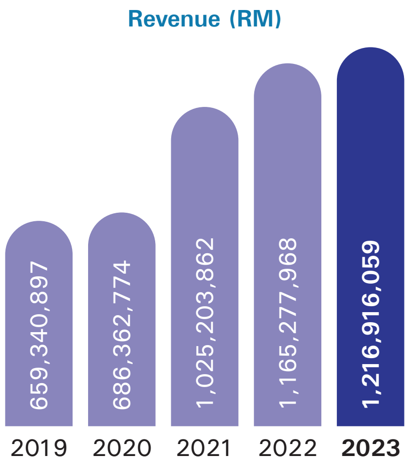
** The shareholdings diluted from 100% to 55% following the allotment of shares to new shareholder (w.e.f. 12 January 2024)

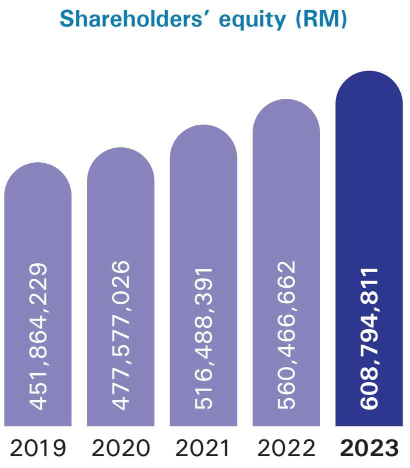
Group Financial Highlights

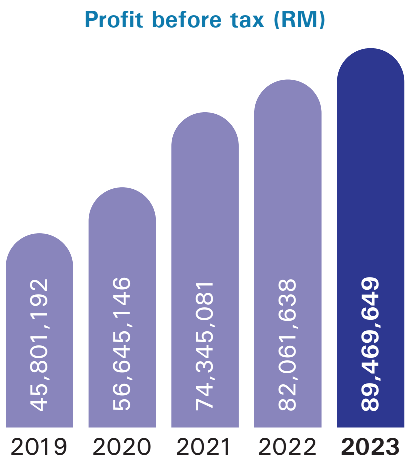
FIVE YEARS FINANCIAL SUMMARY

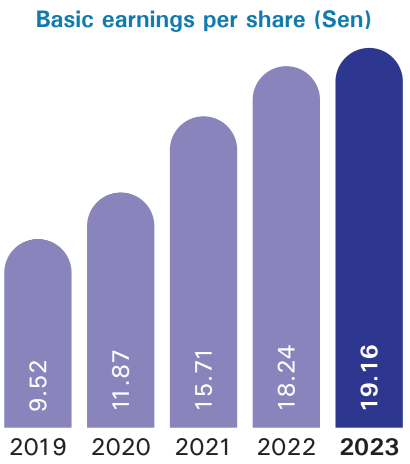
	Year ended 31 December				
	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM
Revenue	659,340,897	686,362,774	1,025,203,862	1,165,277,968	1,216,916,059
Profit before tax	45,801,192	56,645,146	74,345,081	82,061,638	89,469,649
Net profit after tax	36,557,352	45,595,979	60,319,934	70,030,536	73,571,752
Shareholders' equity	451,864,229	477,577,026	516,488,391	560,466,662	608,794,811
Net assets	451,864,229	477,577,026	516,488,391	560,466,662	608,794,811
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	1.18	1.24	1.34	1.46	1.59
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)	9.52	11.87	15.71	18.24	19.16
Net dividend per share (Sen)	5	5	-	7	7

* The issued share capital of RM76,808,397 is divided into 384,041,985 Ordinary Shares









Directors' Profile

LIM CHIEN CH'ENG
Chairman / Independent, Non-Executive Director
Malaysian, aged 70, Male

Lim Chien Ch'eng, was appointed to the Board on 18 March 2022. He graduated from Universiti Sains Malaysia in 1976 with a Bachelor of Social Science (Hons.) Degree majoring in Politics. Subsequently, he pursued a law degree and graduated from Kings College, University of London in 1979 with a Bachelor of Law (LLB. Hons.). He was called to the English Bar in 1980 and the Malaysian Bar in 1981. He is a member of the Lincoln's Inn. He has been practicing as an Advocate & Solicitor in Malaysia since 1981 and is a Partner in a legal firm with offices in Penang, Seberang Jaya, Kuala Lumpur and Johore Baru.

He is also Non-Independent Non-Executive Chairman of Chin Well Holdings Berhad, a company listed on the Main Board of Bursa.

He is also the Chairman of the Board.

MUI CHUNG MENG
Managing Director
Malaysian, aged 72, 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 51, 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.

Directors' Profile (Cont'd)

WONG THAI SUN

Independent, Non-Executive Director
Malaysian, aged 69, 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 37 years in Malaysia and overseas. He is currently having his own public practice firm known as Wong Thai Sun & Associates and partner in Ecovis Malaysia PLT.

He is a Director of Suiwah Corporation Berhad.

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

KOAY SAN SAN

Independent, Non-Executive Director
Malaysian, aged 41, 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. Ms. Koay is Chartered Accountant of Malaysian Institute of Accountants and member of Association of Chartered Certified Accountants. 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 the Chairman of the Nominating Committee and Risk Management Committee and a member of the Audit Committee.

Directors' Profile (Cont'd)

LEE CHEOW KOOI
Non-Independent, Non-Executive Director
Malaysian, aged 57, 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 Audit Committee and Nominating Committee.

HUANG, YI-LING
Non-Independent, Non-Executive Director
Taiwanese, aged 42, Female

Huang, Yi-Ling, was appointed to the Board on 23 February 2024. She holds a Bachelor of Business Administration from the University of Fu Jen Catholic, majoring in accounting. Her professional journey began in September 2003 when she started her career as an auditor in an audit firm. Following that, she became an Accountant in a public listed company, where she actively participated in various corporate exercises.

After her tenure with the listed company, she continued to contribute her expertise to several other listed companies. In October 2023, she joined Pan-International Industrial Corporation as an Assistant Manager.

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 114 of this Annual Report.

BOARD MEETINGS

The number of Board meetings attended by the respective Directors during the financial year ended 31 December 2023 (FY2023) are as follows:

Name of Directors	Number of Board Meetings Attended / Held	Percentage of Attendance
Lim Chien Ch'eng	5 / 5	100%
Mui Chung Meng	5 / 5	100%
Lan, Kuo-Yi	5 / 5	100%
Wong Thai Sun	5 / 5	100%
Koay San San	5 / 5	100%
Lee Cheow Kooi	5 / 5	100%
Huang, Yi-Ling (Appointed w.e.f. 23 February 2024)	-	-

TRAINING PROGRAMMES

During the FY2023, 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
Lim Chien Ch'eng	• Seminar Developments and Impacts of ESG on Corporate Malaysia (21 November 2023)	Seminar	4 Hours
Lan, Kuo-Yi	• Session on MFRS Application and Implementation Committee (MAIC) (8 August 2023)	Seminar	2.5 Hours
	• Getting Ready for e-Invoicing in Malaysia (5 December 2023)	Webinar	1 day
Wong Thai Sun	• Submission od Return Form 2022 – Information, Implications & Consequences Form C, PT, B, E and EA (15 Mar 2023)	Webinar	7 Hours
	• Practical Guidance and Implementation Workshop in ISQM 1 (20 Mar – 21 Mar 2023)	Workshop	16 Hours
	• ISA 550 Audit of Related Parties and Related Party Transactions (10 July 2023)	Webinar	7 Hours
	• Tax Implications and Audit Issues on Cross Border Transactions: What's new in 2023 (5 October 2023)	Webinar	7 Hours
	• Key Updates and Changes for Corporate Accountant (20 October 2023)	Briefing	8 Hours
	• Effective Tax Appeals, Procedures, Latest Case Laws, and Director's Liability (23 October 2023)	Webinar	7 Hours
Koay San San	• Post Budget 2024 (14 March 2023)	Seminar	1 Day
	• Updates on Indirect Taxes (8 June 2023)	Webinar	1.5 Hours
	• The Tax Issues and Law Relating to Property Developers, JMB/MC and Investors (26 July 2023)	Seminar	1 Day
	• Integrating Sustainability into Financial Planning and Decision-Making (16 October 2023)	Webinar	1 Day
	• 17th ACCA Asiapacific Thought Leadership Forum (26 October 2023)	Seminar	1.5 Hours
	• Post Budget 2024 (6 November 2023)	Seminar	1 Day

Mr. Mui Chung Meng and Mr. Lee Cheow Kooi were unable to attend any training in 2023 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.

Directors' Profile (Cont'd)

REMUNERATION

During the FY2023, the detailed disclosure of remuneration breakdown of each Director is as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Lim Chien Ch'eng	Independent Non-Executive Chairman	30.00	0	0	0	0	5.90	35.90	0	0	0	0	0	0	35.90
2	Mui Chung Meng	Executive Director	0	0	363.45	1,638.69	0	5.90	2,008.04	0	0	0	0	15.50	0	2,023.54
3	Lan, Kuo-Yi	Executive Director	0	0	154.78	275.87	0	5.90	436.55	0	0	0	0	6.60	0	443.15
4	Wong Thai Sun	Independent Non-Executive Director	30.00	0	0	0	0	7.10	37.10	0	0	0	0	0	0	37.10
5	Koay San San	Independent Non-Executive Director	30.00	0	0	0	0	7.10	37.10	0	0	0	0	0	0	37.10
6	Lee Cheow Kooi	Non-Independent Non-Executive Director	0	0	0	0	0	6.90	6.90	0	0	0	0	0	0	6.90

Key Senior Management Information

LAW TONG HAN

Assistant General Manager, Contract Electronic Manufacturing ("CEM") - Electronic Division
Malaysian, aged 52, Male

Mr. Law holds a Master of Science (MSc) in Manufacturing Systems Engineering degree from University of Warwick. He joined Pan-International Electronics (Malaysia) Sdn. Bhd. (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 56, Male

Mr. Ong holds a Bachelor of Business Administration degree from Chung Yuan Christian University. He joined PIESB on 27 June 2018. He has thirty-two (32) 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 60, 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-three (33) 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).

Key Senior Management Information (Cont'd)

HONG YONG PENG

Assistant General Manager, Converter Division

Malaysian, aged 68, Male

Mr. Hong holds a Master's degree in Business Administration. He joined the Group in 2011. He has forty-four (44) years of working experience in Semi-Conductor and Electronics companies. He was appointed as Assistant General Manager in the division of converter on 1 February 2011.

LIAO, YUEH-CHEN

Assistant General Manager, Raw Wire & Cable Division

Taiwanese, aged 61, 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-three (43) 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. Subsequently, she was appointed as Assistant General Manager on 31 May 2023. 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; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Management Discussion and Analysis

OVERVIEW

P.I.E. Industrial Berhad ("PIE" or the "Company") was listed in the Main Market of Bursa Malaysia in year 2000. With over 30 years of expertise, PIE and its subsidiaries (the Group) continued to deliver utmost value to stakeholders by offering fully integrated "one-stop" Electronics Manufacturing Services (EMS) and manufacturing of wires and cables for various industrial applications to its customers. Year 2023 has proven to be a demanding year as the lingering effects from post pandemic global inflation have caused an economic headwind in the global economy. Factors like geopolitical upheavals such as the Russia-Ukraine conflict, prolonged United States-China trade dispute and rising inflation and interest rates have further added much complexity to the global economic environment. Nevertheless, with the conscientious effort from the Group, we have managed to achieve an all-time high new revenue record of RM1.22 billion. We are optimistic to achieve even higher revenue in the upcoming year.

FINANCIAL PERFORMANCE REVIEW

For the financial year ended 31 December 2023 (FY2023), the Group achieved revenue of RM1.22 billion, representing a 4.43% increase from RM1.17 billion in FY2022. The increase was mainly due to higher orders received from new and existing customers in the EMS segment. Malaysian operations remained the primary contributor of the Group's revenue, generating 98.53% of the Group's turnover, followed by Thailand (1.46%) and Singapore (0.01%). Malaysian operations revenue has increased by 4.57% in FY2023 to RM1.20 billion, while turnover from operations in Thailand decreased by 3.73% to RM17.77 million.

The Group recorded a profit before tax (PBT) of RM89.47 million in FY2023, a 9.03% (RM7.41 million) increase from RM82.06 million in FY2022. The higher PBT in FY2023 was mainly due to an increase in revenue (RM51.64 million), higher gain on foreign exchange (RM23.41 million) and higher interest income (RM2.21 million), partially offset by higher cost of goods sold (RM61.03 million), higher interest expense (RM1.30 million), lower scrap sales (RM1.67 million), lower rental income (RM2.09 million) and higher allowance of slow-moving inventory (RM4.50 million).

In terms of PBT by segment, the profitability of the EMS and manufacturing of wires and cables division in Malaysia increased by RM12.81 million or 16.00% in FY2023 to RM92.89 million. However, the cable assembly and wire harness division in Thailand registered a loss before tax (LBT) of RM2.85 million in FY2023.

As a result, the Group achieved a profit after tax (PAT) of RM73.57 million in FY2023, an increase of RM3.54 million or 5.06% from RM70.03 million in FY2022.

CAPITAL STRUCTURE AND RESOURCES

The Group's total assets have slightly increased by 0.20%, or RM1.77 million, from RM906.86 million in FY2022 to RM908.63 million. The increase was mainly due to increase in property, plant and equipment (RM22.91 million). The increase in property, plant and equipment which is equivalent to increase in capital expenditure is vital in order to fulfill increasing sales orders received from new and existing customers. However, there was a decrease in trade receivables (RM5.27 million), decreased in inventories (RM10.14 million) and decrease in current tax asset (RM5.23 million).

In the financial year under review, the Group incurred capital expenditures (CAPEX) amounting to RM45.24 million, which is slightly lower than the RM46.68 million invested in FY2022. The CAPEX was spent on the purchase of machinery and equipment as well as the purchase and expansion of the factory building to expand production capacity catering for the increased orders and enhancing better operational efficiency.

The net cash generated from operating activities for the Group amounted to RM105.89 million in FY2023. The Group's cash and cash equivalent stood at RM62.32 million in FY2023, which is at a healthy level, providing the Group with the flexibility and capability to quickly seize any good business opportunities that arise and adapt to any unforeseen circumstances.

The total equity of the Group increased by 8.62% or RM48.33 million to RM608.79 million in FY2023 compared to RM560.47 million in FY2022. There were higher distributable retained profits due to net profit of RM73.57 million compared to last year, offset by payment of dividends amounting to RM26.88 million. The Group's net assets per share increased to RM1.59 per share in FY2023 from RM1.46 per share in FY2022, while the basic earnings per share for FY2023 and FY2022 are 19.16 sen and 18.24 sen, respectively.

The total liabilities of the Group decreased by 13.44% or RM46.56 million to RM299.84 million in FY2023 from RM346.40 million in FY2022, mainly due to lower short-term borrowings (RM38.03 million), lower trade payables (RM7.46 million) and decrease of current tax liabilities (RM1.09 million) for working capital purposes. Net assets were higher at RM608.79 million in FY2023 compared to RM560.47 million in FY2022.

As of 31 December 2023, the Group's current capital structure is deemed appropriate to safeguard its ability to continue as a viable going concern to generate satisfactory returns for shareholders and reduce the cost of capital. The main sources of the Group's capital accumulation are earnings generated from core operational activities.

Management Discussion and Analysis (Cont'd)

BUSINESS AND OPERATIONAL REVIEW

In FY2023, the EMS division in Malaysia contributed 83.61% of the Group's revenue through its fully vertically integrated manufacturing, providing customers with one-stop turnkey services. The division saw increased sales orders from existing customers and new customers, resulting in a revenue increase of RM106.99 million or 11.75%.

The raw wire and cable manufacturing division in Malaysia contributed 14.93% of the Group's revenue. As this division deal with many local customers who were badly affected by the economic slowdown, resulting in a revenue decrease of RM54.53 million or 23.09% compared to FY2022. Despite the decrease in overall revenue, the division will continue to invest in machinery and equipment to enhance production capacity and improve customer satisfaction with high-quality products.

The wire harness and cable assembly division in Thailand contributed 1.46% of the Group's revenue. In FY2023, revenue from this division slightly decreased by RM0.69 million to RM17.77 million from RM18.45 million in FY2022, primarily due to lower orders received from existing customers. The revenue from PIT in Thailand is expected to improve as the ongoing expansion and renovation of our manufacturing facilities is to cater for potential new business opportunity in EV-wire harness.

RISKS AND MITIGATION

Customer concentration risk

In order to mitigate the risk of customer concentration, PIE has taken the following steps as part of our risk management strategy:

- To expedite and develop full business potential from new customers;
- Strengthening our network with other foreign sales representatives for more new potential business referrals;
- Ongoing dialogue with our customers in order to foster strong, long-lasting and win-win business relationship; and
- Invest in plant renovation to uplift overall environment and outlook to gain positive impression from new potential customers.

By doing so, the Group aim to better serve our existing major customers and attract new business opportunities, thereby reducing the impact of losing a major customer on our revenues and earnings.

Foreign currency risk

As a result of export orientated manufacturing operation, the Group engages in business transactions using various currencies. Thus, the Group may be susceptible to the fluctuations of foreign currency risk, particularly in the USD/MYR exchange rate.

To manage this risk, the Group employs natural hedging through sales and purchases mainly denominated in USD. Besides, the Group finance team has closely tracked the foreign currency movements and optimized account receivables and payables denominated in USD to minimize foreign exchange losses. Although the Group conducts transactions in Euros, Thai Baht, Singapore Dollars, and Japanese Yen, its exposure to these currencies is limited.

Foreign worker risk

The Group has enlisted the services of few reputable labour agencies to provide a steady and reliable workforce, which helped to meet customer orders without any disruptions to our production schedules. The Group also implemented various incentives and trainings to the workforce in order to maintain high productivity and work quality at production floor.

Environment, Health and Safety

The Group has a dedicated Environmental, Health and Safety (EHS) team to ensure overall facility and employees adhere to the safety guidelines to avoid potential risks and threats from negligence or faulty facilities. The EHS team and the human resource team regularly engage with external NGOs parties to organize training and briefing to employees on how to prevent or respond in the event of emergencies such as fire or medical incidents. Employees working in production areas are provided with safety equipment wherever applicable and well trained before handling automatic machinery to mitigate safety risks and accidents.

Inventory Security Risk

The Group will face higher inventory level due to expansion and increase of customer base. There will be potential risks such as inventory security risk, fire hazard and internal theft. The Group has improved security measures with the increase in the installation of CCTV, alarms and security check points to prevent unauthorized access to restricted areas and close monitoring of the movement of inventory goods. All plant facilities and warehouses are also equipped with firefighting equipment in compliance with the Bomba requirement. The Group also ensured sufficient coverage of insurance to protect the cost of inventory loss due to fire, theft, damage and other risks.

Management Discussion and Analysis (Cont'd)

OUTLOOK, PROSPECTS AND FUTURE CHALLENGES

The Group has demonstrated outstanding financial performance with progressive new record high in revenue and profitability for last 3 consecutive years. In FY2023, despite overall global economic downturn and inflation, the Group managed to grow and achieve another new all-time high revenue record. The Group will continue to prioritize in long term strategy to deliver revenue growth and profit margin improvement. The strong order book from existing and new customers near the end of second half of FY2023 has fueled the momentum going into FY2024. Further with active engagement with few new potential customers and businesses, the Group is optimistic of another strong growth for the financial year ended 31 December 2024 (FY2024).

The Group has initiated the installation of solar panels for green energy generation which is in line with the Group's sustainability effort to increase reliance on a sustainable source of energy. Currently, the Group has completed the installations on 4 plants and expected to complete further 2 plants in 2024. Thus, the Group would expect the rising electricity costs to be mitigated substantially in 2024. Labor costs and output productivity also expected to remain challenging in 2024. The Group prioritizes investing in various automation and process optimization to improve the yield, efficiency, consistency and quality of products while minimizing on labor dependency. The Group also executed improvement plan by using Plan, Do, Check, Act (PDCA) method on potential areas to reduce waste and cost savings on overall direct labor costs and production overheads to strive for continuous improvement in year 2024 in order to boost profit margin.

Regarding the current global political climate, the Group remains optimistic about the challenges posed by the ongoing US-China trade war. The Group observes that there is progressive migration of global supply chain from China. The Malaysian EMS industry in general and PIE in particular is a beneficiary. PIT is expanding its manufacturing capacities and technical know-how in preparation for new opportunities in new EV wire harness business.

We expect revenue from the EMS industry to increase, driven by contributions from both new and existing customers. The Group has successfully on-boarded new customers from diverse industries such as drone devices, medical diagnostic devices, and smarts home. There are also on-going discussions with existing and potential customers to secure new business opportunity to accommodate the expansion of plant 5 and plant 6. Both plant 5 (100,000 sq ft) and plant 6 (270,000 sq ft) are expected to be ready by end of Q1 and Q4 respectively 2024 which will be the key to support the Group's expansion and growth to achieve next milestone of RM 2 billion revenue within the next 3 years.

Revenue in the wire and cable division is expected to pick up once again, with recovery and improvement of local market sentiment. In the event of any volatile fluctuation in copper prices, our revenue will not be impacted as we have the mutual arrangements with our customers that the selling price will be pegged with the market price of copper.

Despite current challenges, we remain optimistic about the future of the Group. Based on the developments outlined above and ongoing discussions with existing and new customers about new potential projects, we are confident that the Group will continue to perform well in the coming financial year. With over 30 years of operating experience, we are dedicated to deliver the best value to all stakeholders - including customers, employees, shareholders, business partners and others - by enhancing innovation, automation processes, and vertical integration capabilities.

DIVIDEND

In respect of FY2023, the following dividends were declared and paid:

- A special interim single tier dividend of 2.0 sen per share amounting to RM7,680,839.70 that was declared on 15 May 2023 and paid on 20 June 2023; and
- An interim single tier dividend of 5.0 sen per share amounting to RM19,202,099.25 that was declared on 15 May 2023 and paid on 20 June 2023.

We remain committed to a balanced dividend policy that will ensure the adequacy of funds to support the Group's future investment and expansion programs, while also rewarding our shareholders with satisfactory dividend payout in line with our performance.

This statement was made in accordance with a resolution of the Board dated 08 March 2024.

Audit Committee Report

The Board of Directors (the Board) is pleased to present the Audit Committee (AC) Report for the financial year ended 31 December 2023 (FY2023). This report outlines the key activities, responsibilities and findings of the AC throughout the year, highlighting our commitment to robust financial governance and transparent reporting.

COMPOSITION

The current members of the AC are:

Chairman: Wong Thai Sun (Independent Non-Executive Director)

Member: Koay San San (Independent Non-Executive Director)
Lee Cheow Kooi (Non-Independent, Non-Executive Director)

This AC membership complies with the stipulations outlined in Paragraph 15.09(1)(a) and (b) of the Bursa Securities Main Market Listing Requirements (Main LR). Mr. Wong Thai Sun, serving as the Chairman of the AC, is a Chartered Accountant of the Malaysian Institute of Accountants. As such, the company meets the requirements laid out in Paragraph 15.09(1)(c)(i) of the Main LR.

ATTENDANCE OF MEETINGS

The following table shows the attendance of each member at the AC meetings held during the reviewed financial year:

Name of Director	Number of Meetings Attended / Held	Percentage of Attendance
Wong Thai Sun	5/5	100%
Koay San San	5/5	100%
Lee Cheow Kooi	5/5	100%

SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE

During the fiscal year under review, the AC has held five (5) meetings and met with the Group's Chief Financial Officer, internal and external auditors, to discuss and review critical matters to ensure that the AC is provided with comprehensive information or additional assurance as required.

The AC has engaged in major activities during FY2023 as follows:

- Assisted the Board in fulfilling statutory and other responsibilities, specifically in risk management, internal control systems, financial and accounting matters and the evaluation of system effectiveness;
- Reviewed internal audit reports, recommendations and management responses and held discussions with the Management actions taken to enhance the internal control system based on internal auditor findings;
- Reviewed with external auditors their scope of work, audit methodology, materiality thresholds, evaluation of internal control systems, management letters to the AC, management responses and the allocation of audit resources in key business and financial risk areas;
- Reviewed the quarterly financial results and providing recommendations to the Board before public announcement, ensuring transparency and accuracy in financial reporting;
- Reviewed reports on related party transactions and recurring related party transactions to ensure compliance with Main LR and within the shareholders' mandates;
- Held private sessions with both external and internal auditors, excluding Executive Directors and the Management, to discuss any issues and observations requiring attention. There were no areas of concern that warranted escalation of the AC or the Board;

Audit Committee Report (Cont'd)

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

The AC has engaged in major activities during FY2023 as follows: (Cont'd)

- Conducted evaluation of the external auditors' performance, competency and professionalism throughout the year. The AC considered and assessed external auditors' independence and objectivity before engaging them for non-audit related services;

- Reviewed Conflict of Interest (COI) disclosures from Directors and key senior management, noting the absence of any COI or potential COI with the Group; and

- Made recommendation to the Board regarding the appointment of Deloitte PLT to provide training for the Company on the internal review of sustainability reporting standards.

INTERNAL AUDIT FUNCTION

The internal audit function, outsourced to Finfield Corporate Services Sdn. Bhd. (Finfield), an independent professional firm. Finfield was appointed to review and monitor the effectiveness, adequacy and integrity of the Group's internal control systems throughout FY2023. Its primary role is to provide independent assurance on the adequacy and effectiveness of governance and internal control processes. The internal audit function, costing RM64,000 in FY2023.

Finfield's internal audit proposal was approved by the AC. Throughout the financial year, Finfield conducted four (4) audit examinations, each focusing on distinct areas or business processes, which are outlined below:

- Revenue, accounts receivable and credit control;
- Purchasing and accounts payable;
- Work in progress inventory management; and
- Areas on production downtime risk and quality issues risk.

In addition, Finfield also engaged the following activities throughout the year:

- Completed audits in accordance with the AC's approved annual internal audit plan;
- Identified auditable areas and reviewed the business processes;
- Reported the audit findings to the AC, including risk ratings, recommendations management responses;
- Keeping track of the completion date and effectiveness of corrective actions; and
- Reviewed the Group's compliance status with established policies, practices and statutory requirements.

Statement on Risk Management and Internal Control

INTRODUCTION

This statement on risk management and internal control has been prepared in accordance with the Bursa Securities Berhad Main Market Listing Requirements (Main LR). It outlines the key elements of the risk management and internal control system within P.I.E Industrial Berhad and its subsidiaries (the Group) for the fiscal year under review.

BOARD RESPONSIBILITY

The Board of Directors (the Board) is responsible for risk management and internal control systems, with the assistance of the Audit Committee (AC) and the Risk Management Committee (RMC). The Board recognizes the importance of maintaining a sound risk management and internal control system within the Group and affirms its overall responsibility to review the adequacy and effectiveness of the system in order to achieve the following objectives:

a) Safeguarding shareholders' investments and assets of the Group;
b) The effectiveness and efficiency of the Group's operations;
c) Compliance with applicable laws and regulation;
d) Compliance with the Code of Ethics; and
e) Integrity and reliability of information and reporting.

In acknowledgment of the inherent limitations present in any risk management and internal control system, the systems implemented by Management are strategically designed to effectively manage, though not entirely eliminate, risks that have the potential to hinder the realization of the Group's business objectives. Consequently, it is crucial to recognize that while the risk management and internal control system diligently strive to mitigate risks, they can only offer reasonable, rather than absolute, assurance against the occurrence of material misstatement, error, or loss.

MANAGEMENT RESPONSIBILITY

Management is responsible for implementing risk and internal control policies and procedures, which include:

a) Identifying and assessing risks relevant to the Group's context;
b) Designing, implementing, monitoring, and reviewing the effective implementation of risk management and internal control systems; and
c) Reporting to the Board on any key risks or emerging risks, as well as corrective and mitigation actions taken, in a timely manner.

RISK GOVERNANCE & OVERSIGHT

The RMC has duly reviewed and assessed the adequacy and effectiveness of controls and action plans implemented to mitigate the Group's risk exposure. Annual meetings were conducted by the RMC with Senior Management teams from relevant business units to identify potential risk-related issues within the Group. This collaborative effort involved the engagement of an independent professional service firm serving as the internal auditor. The internal auditor, provided an unbiased evaluation of the adequacy and effectiveness of the Group's internal controls. With their support on risk measurement methodology, the identified risks were documented, and their likelihood and impact were evaluated. Subsequently, a comprehensive risk profile, along with recommended mitigation actions, was developed and presented to the Board and Audit and Risk Management Committee for thorough review and assessment of the effectiveness of the risk management system.

Regarding internal controls, the AC reviewed the adequacy and effectiveness of internal controls based on the audits performed by internal auditor. The internal audit engagement is currently headed by Mr. Tan Yen Yeow who is certified Internal Auditor. Under his guidance, the internal auditors have diligently conducted audit reviews in strict adherence to the approved annual audit plan. The outcomes of these reviews were thoroughly deliberated with the Senior Management. Following this, the audit findings, management action plans, and the progress in implementing actions for previously audited processes were comprehensively reported to the AC. The Board through the AC received and reviewed the internal audit reports at the scheduled quarterly meetings. Further information on the AC's activities can be found in the section of the AC Report of this Annual Report.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board defines Enterprise Risk Management (ERM) as all measures taken to reduce risk exposure in order to achieve the Group's business objectives. As a result, ERM is integrated into all corporate and business processes to ensure it is considered in the normal course of business.

The ERM is implemented in accordance with ISO 31000: 2018 Risk Management – Guidelines. In collaboration with various management teams, the RMC identifies, assesses, and evaluates risk as part of our risk management process.

The purpose of ERM is to create, preserve, and realize value of the Group. It enhances performance, encourages innovation and aids in achievement of the Group's objectives. It also assists management in operating effectively, protecting our employees and assets, making informed decisions, and complying with relevant laws and regulations.

RISK MANAGEMENT PROCESS

The risk management process involves applying policies, procedures, and practices to communication and consultation activities, and establishing the context for identifying, quantifying, responding to, controlling, monitoring, and reviewing risks.

The most recent risk assessment's key risks and control strategies for mitigating or managing those risks can be found in the section of Management Discussion and Analysis on this Annual Report.

INTERNAL CONTROL SYSTEM

The Group recognizes that an internal control system plays a crucial role in ensuring the effectiveness, efficiency and integrity of an organization's operations. Therefore, the Group has compiled the key elements as follows:

- **Anti-Bribery, Anti-Corruption Policy and Procedures**

  The Group adopts a zero-tolerance approach towards all forms of bribery and corruption in its daily operations. It adheres to the Malaysian Anti-Corruption Commission (MACC) as well as other local laws and regulations. The Group's Anti-Bribery and Anti-Corruption Policy outlines the principles used to address and manage bribery and corruption risks in all internal and external dealings.

- **Board Committees with Responsive Oversight**

  The board committees, which include the AC, RMC and Nominating Committee (NC), have specific duties, roles and responsibilities delegated by the Board. The AC and RMC possess the authority to investigate all issues within their scope of reference and make recommendations to the Board. The NC assesses the effectiveness of the Board and the performance of each individual director to ensure that the Board has the right size and mix of skills and experience to meet the Group's objectives.

- **Group Organizational Structure**

  The Board has established a clear organizational structure with defined lines of responsibility and accountability. This structure is communicated throughout the Group and is aligned with the business and operational needs of the organization.

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

  The Code of Ethics underscores values such as integrity, professionalism and compliance with laws and regulations. It serves as a guide for establishing an ethical standard for directors.

  All employees are required to read and comprehend the Employee Handbook, which addresses various aspects of employment in a fair and uniform manner. The Handbook includes ethical values, professionalism in all business practices, workplace respect, protection of assets and adherence to laws, rules and regulations.

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

INTERNAL CONTROL SYSTEM (CONT'D)

The Group recognizes that an internal control system plays a crucial role in ensuring the effectiveness, efficiency and integrity of an organization's operations. Therefore, the Group has compiled the key elements as follows: (Cont'd)

- **Human Resource Standard Practices**

  We have implemented best practices for human resources, encompassing the hiring and termination of employees along with annual performance evaluations. These evaluations are crucial in making informed decisions about promotions, salary increases, job changes and terminations, thereby enhancing the overall productivity of the Group.

  Employees are encouraged to participate in formal training and development programs to acquire the necessary skills required to fulfill their responsibilities and contribute to the achievement of the Group's business objectives.

- **Delegation of Authority**

  Management and Executive Directors have been delegated appropriate authority for daily operations, investments, acquisitions and asset disposals. This establishes a robust framework for accountability and responsibility within the Group.

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

  Policies, SOPs and WIs have been established to regulate critical business processes including Production, Business Development, Procurement, Finance and Information Technology, among others. These documents undergo periodic reviews and updates to ensure compliance with internal controls, relevant laws and regulations and to consistently support the Group's business activities.

- **Periodical Meetings**

  Regular management meetings are conducted to review progress toward targeted results and ensure timely corrective actions are taken if necessary. The Board routinely receives and examines reports from management to assess the performance of the Group. These reports include financial information and accounts which are presented for approval. The quarterly financial results are publicly released after thorough reviewed and approved by the AC and the Board during their quarterly meetings.

  The Executive Directors are responsible for ensuring the adoption and application of appropriate accounting policies, and ensuring that the going concern basis used in the Group's financial statements is appropriate. They are also responsible to ensure prudent judgments and reasonable estimates in accordance with the Malaysian Financial Reporting Standards (MFRSs), International Accounting Standards (IASs) and Main LR to ensure that the quarterly financial statements are true and fair.

- **Independent Assurance by Internal Audit**

  The internal audit function provides independent assurance that the Group's governance and internal control processes are adequate and effective. The internal audits are conducted by the outsourced professional firm, Finfield Corporate Services (Finfield), to ensure compliance with policies and procedures and to report any significant non-compliance.

  Finfield prepares Internal Control Review Reports covering the review of two (2) major subsidiaries of the Group, namely Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. Audits are performed on the core business processes of the Group to provide independent and objective reports on their operational and management activities. The audit findings, recommendations and management responses, are presented to the AC at its regular meetings for review.

  The internal control system is audited on regular basis to ensure that its functions are carried out effectively.

- **Whistleblowing Policy**

  A whistleblowing policy is in place to provide employees with a safe and confidential avenue to report any suspected fraud, unethical behavior or improper workplace conduct. This policy promotes a culture of transparency and accountability. The Board confirms that the elements listed above were in place throughout the fiscal year under review and until the date of approval of this annual report and financial statements. The Board is confident that the current risk management and internal control system are sufficient for achieving the Group's business objectives.

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

ASSURANCE FROM MANAGEMENT

The Managing Director and Chief Financial Officer have provided the assurance to the Board that the Group's risk management and internal control system have been operating effectively and efficiently in all material aspects during the fiscal year under review.

The Board has taken into account the representations made by the Group's subsidiaries regarding their risk management and internal control systems in issuing this statement. Based on the assurances and representations, the Board believes that the Group's overall risk management and internal control system are adequate for meeting its needs and have not resulted in any material losses, contingencies or uncertainties that necessitate 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 FY2023. 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 is committed to sustaining an effective risk management and internal control system and recognizes the need for on-going review and adaptation to support the growth of the Group's operations and businesses. The Board will undertake necessary actions and implement plans to enhance the risk management and internal control systems of the Group.

This statement was made in accordance with a Board resolution dated 08 March 2024.

Corporate Governance Overview Statement

The Board of Directors at P.I.E. Industrial Berhad (PIE or the Company) is dedicated to maintain and implement high standards of corporate governance (CG) practices and recognize that upholding CG value goes beyond achieving financial performance goals, but also involves reinforcing ethical and professional behaviour within the Group.

This statement aims to provide shareholders and investors an overview of the Company's CG during the financial year ending 31 December 2023 (FY2023). It follows the key principles outlined in the Malaysian Code on Corporate Governance (MCCG or the Code).

This statement has been prepared in compliance to Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements (Main LR) and should be read in conjunction with the Company's CG Report for the year 2023 which is available on the Company's official website at www.pieib.com.my. The CG report highlights detailed application of best practice adopted by the Group as per MCCG guidelines.

The Board is pleased to disclose the key focus areas that the Group has emphasized during FY2023, as related to the three (3) principles outlined in the Code:

A. Board Leadership and Effectiveness
   I. Board Responsibilities
   II. Board Composition
   III. Remuneration

B. Effective Audit and Risk Management
   I. Audit Committee
   II. Risk Management and Internal Control Framework

C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.
   I. Engagement with Stakeholders
   II. Conduct of General Meetings

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board are responsible to ensure overall sustainable growth and financial soundness within the Group and exercising reasonable care over the Group's asset and resources to deliver long-term value to shareholders and other stakeholders. The Board actively engage in formulating and reviewing the strategic business direction, oversees risk management and providing effective oversight over Management's performance in carrying out delegated duties towards achieving the Company's goals and objectives.

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

I. Board Responsibilities (Cont'd)

In order to ensure effective discharge of its duties, the Board has established an internal governance model for delegation of specific powers 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 Group, as depicted below:

* The shareholdings diluted from 100% to 30% following the allotment of shares to new shareholder (w.e.f. 24 February 2023)

** The shareholdings diluted from 100% to 55% following the allotment of shares to new shareholder (w.e.f. 12 January 2024)

Corporate Governance Overview Statement (Cont'd)

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

I. Board Responsibilities (Cont'd)

Responsibilities between the Board, Board Committees, individual Directors and Management within the Group are segregated to ensure they perform their duties effectively and efficiently. The Board, Management and all employees are expected to understand and comply to 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 FY2023, the Board continued the practice of conducting Audit Committee meetings before Board Meetings to allow discussions on any issues raised by External Auditors and/or Internal Auditors for the Board's attention.

The distinct roles of the Chairman and Managing Director, held by different individuals, contribute to a system of checks and balances within the Board and enhance the Board's capacity for independent decision making. Notably, the Chairman of the Board is not a member of the Audit Committee, Nominating Committee and Risk Management Committee, further ensuring objective review and avoid conflict of interest within the governance structure.

Directors benefit from direct access to the advisory services of qualified Company Secretaries under Section 235(2) of the Companies Act 2016. Beyond administrative matters, Company Secretaries provide valuable guidance on CG issues, compliance with policies and procedures and adherence to laws and regulatory requirements.

All members of the Board and Board Committee received complete agenda and documents relevant to the meetings at least seven (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 Board Charter serves as a primary reference, outlining the fiduciary duties of Directors, the responsibilities of Board Committees and the leadership function of the Board. The Board Charter will be reviewed periodically to ensure ongoing relevance and compliance with governance standards.

The Board has established a Code of Ethics for Directors which includes four (4) fundamental ethical principles of sincerity, integrity, responsibility and corporate social responsibility. The Directors are required to observe the ethical codes in conducting their daily duties in Corporate Governance, relationship with stakeholders and social responsibilities with environment. All employees within the Group are bound to the employee handbook which promotes integrity and ethical behavior at all levels and would help to prevent misconduct and unethical practices.

The Anti-Bribery and Corruption Policy has been adopted as part of the Group'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 without fear of reprisal. This policy ensures protection for individuals making allegation and report misconducts with reasonable grounds and the overall process are treated with high confidentiality.

Further details relating to the Board Charter, Code of Ethics, Whistleblowing Policy and Anti-Bribery and Corruption Policy are presented in the CG report and are also available on the Group's corporate website at www.pieib.com.my.

The Board together with the Management are responsible for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets as well as to ensure these targets are communicated to its internal and external stakeholders. The Board is also aware of the sustainability issues relevant to the Group's business operation.

The performance evaluation of the board and senior management should consider the performance of the board and senior management in their respective roles and key performance indicator in addressing the company's material sustainability risks and opportunities.

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

II. Board Composition

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

As of the date of this report, the Board comprised seven (7) members. The independence element of the Board was 43%, with all three (3) Independent Non-Executive Directors satisfied the independence tests under Paragraph 1.01 of Bursa Securities LR and Paragraph 13 of Main LR.

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

Gender	Composition
Male	5
Female	2

Age	Composition
40-49	2
50-59	2
60-69	1
70-79	2

Race / Ethnicity	Composition
Chinese	**5**
Foreign	**2**

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.

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

Corporate Governance Overview Statement (Cont'd)

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

II. Board Composition (Cont'd)

The skillsets and diversity of the Board are as follows:

Directors	Nationality	Designation	Industry / Background Experience							By Composition								
										Age				Ethnic			Gender	
			Technology	Marketing	Industrial	Corporate	Accounting / Finance	Governance Risk and Compliance	Law / legal	40 – 49 years	50 – 59 years	60 – 69 years	70 – 79 years	Bumiputra	Chinese	Foreign	Male	Female
Lim Chien Ch'eng	Malaysian	Chairman/ Independent Non-Executive Director	√		√	√		√	√				√		√		√	
Mui Chung Meng	Malaysian	Managing Director	√	√	√	√							√		√		√	
Lan, Kuo-Yi	Taiwanese	Executive Director				√	√	√			√					√	√	
Wong Thai Sun	Malaysian	Independent Non-Executive Director				√	√	√				√			√		√	
Koay San San	Malaysian	Independent Non-Executive Director					√	√		√					√			√
Lee Cheow Kooi	Malaysian	Non-Independent Non-Executive Director	√	√	√	√					√				√		√	
Huang, Yi-Ling (Appointed w.e.f. 23 February 2024)	Taiwanese	Non-Independent Non-Executive Director					√	√		√						√		√

The Board solely rely on recommendations from existing Board members, Management or major Shareholders to identify the candidates for director appointments. The Board and Management of the Company believe that they have better understanding of the Board candidatures.

The Board ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of Directors. The profile of each Director is set out in the Annual Report and Company's corporate website. These include their age, gender, working experience and any conflict of interest as well as their shareholdings.

The Board is assisted by Nominating Committee (NC) which is chaired by an Independent Director to review, amongst other, the structure, size and composition of the Board. The NC shall lead the succession planning, appointment of directors and oversee the development of business diversity for the Board and Management.

The women's representation on the Board currently stands at 17%, while the Top Management is at 20%. In the Nominating Committee meeting held on 23 February 2024, the Committee proposed to the Board the appointment of a new female director. This appointment will raise the Board's women percentage to 29%. The Board believes that the appointment of the Board 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 Charter stipulates that "The Board shall at all times promotes and welcomes diversity and gender mix in its composition and gives due recognition to the technical and business experience of the Directors."

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

II. Board Composition (Cont'd)

Nominating Committee reviews the effectiveness of the Board and performance of each individual Director as well as 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.

On 24 February 2023, the duly completed valuation forms comprising the quantitative and qualitative performance criteria by each Director were tabled at the meeting for evaluation. Such evaluation includes the assessment of the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole.

The Nominating Committee has reviewed and agreed that the Board has the required mix of skills, experience and other necessary qualities to serve effectively.

III. Remuneration

The Board has established Remuneration Policy and Procedures, applicable to the Directors, including Executive and Non-Executive Directors of the Company. The policy and procedures are periodically reviewed to remain appropriate and fairness. The Remuneration Policy and Procedures for Senior Management are governed by the Company's Human Resource Policy.

The Board shall set up a Remuneration Committee by 2nd half of 2024. In the meantime, the Board has formalised a policy for fixing remuneration packages of each director. The Remuneration Policy and Procedures is available on the Group's corporate website.

The detailed disclosure on named basis for the remuneration of Individual Directors and Top Five (5) Senior Management of the Group for the FY2023 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 is chaired by an Independent Non-Executive Director, Mr. Wong Thai Sun. To ensure the effectiveness and independence of the Committee, he is not holding the position of Chairman of the Board. Besides, the Company complied to Paragraph 15.09(1)c(i), as he is a Chartered Accountant of the Malaysian Institute of Accountants.

The Board has implemented the Terms of Reference for the Audit Committee, stipulating a mandatory cooling-off period of at least three (3) years for a former key audit partner before being eligible for appointment as a member of the Audit Committee. Nonetheless, there was no former key audit partner being appointed as an Independent Director or member of the Audit Committee.

The Audit Committee has embraced policies and procedures to assess the suitability and independence of the External Auditor to ensure the quality and reliability of audited statements. The Committee adheres to the guidance provided by, among others, the External Auditors Evaluation Form recommended by the MCCG Guide 3rd Edition and Paragraph 15.21 of the Main LR.

The Audit Committee comprise majority of Independent Directors. It consists of three (3) members, with two (2) of whom are Independent Non-Executive Directors and one (1) of whom is Non-Independent Non-Executive Director.

The Audit Committee possesses wide set of skills necessary for the effective discharge of its duties. The members are financially literate, highly competent, and have deep understanding of matters under the purview of the Audit Committee including the financial reporting process. Moreover, they are also actively engaging in continuous professional development courses to stay abreast of the latest developments in accounting and auditing standards, practices and rules.

Corporate Governance Overview Statement (Cont'd)

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

II. Risk Management and Internal Control Framework

The Board meets its responsibilities in the risk governance and oversight functions with support from Risk Management Committee in order to manage the overall risk exposure of the Group. The Risk Management Committee assess and monitor the effectiveness of the risk management framework while Audit Committee reviews the adequacy and effectiveness of the internal control of the Group.

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 reviews and deliberate 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.

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. Engagement with Stakeholders

The Board ensure that its engagement with shareholders and various stakeholders are effective, transparent, timeliness and with high-quality disclosures.

The Board communicates with shareholders and stakeholders through various platform including Company's Corporate Website, Investor Relations, Annual Report and AGM.

The Corporate Website provides stakeholders with a centralized platform for accessing up-to-date information, key announcements and various resources that enhance understanding about the Company's strategic direction and performance.

The Investor Relations initiatives undertaken by the Company deliver a proactive stance in keeping investors well-informed about the Company's financial health, operational milestones and strategic imperatives.

The Annual Report serves as a comprehensive document, offering stakeholders a deep dive into the Company's financial performance, governance practices and future business outlook.

The Annual General Meeting (AGM) serves as a crucial avenue for engagement, allowing shareholders to interact directly with the Board, Management and external auditors.

II. Conduct of General Meetings

The Board acknowledges that AGM is an important means of communicating with its shareholders. Therefore, PIE dispatched its notice of the 26th AGM to shareholders at least 28-days before the AGM, which is in line with Practice 12.1 of the Code to ensure that shareholders have sufficient time to review proposed resolutions and prepare for active participation.

During the meeting, the Company leveraged technology to facilitate voting for the conduct of a poll on all resolutions, engaging Agriteum Share Registration Services Sdn Bhd as Polling Administrator together with Symphony Corporate Service Sdn Bhd as Independent Scrutineer to validate the votes cast. In addition, the Chairman has briefed the members and proxies presented on their right to ask questions and cast votes on resolutions set out in the notice of 26th AGM. All members of the Board, representatives of the Management and external auditors attended the meeting to respond to the questions raised by the shareholders or proxies.

In addition, the Company also held an Extraordinary General Meeting (EGM) on 12 January 2024, following the similar practices as outlined in the Code.

The minutes of the 26th AGM and EGM was duly confirmed by the Chairman and uploaded on the Company's corporate website at www.pieib.com.my within 30 business days from the date of the meeting.

This statement was made in accordance with a resolution of the Board dated 08 March 2024.

Sustainability Statement

P.I.E. Industrial Berhad ("PIE" or the "Group") is steadfast in its commitment to embodying sound business practices that wield a positive influence on the Economic, Environmental and Social (EES). This Sustainability Report serves as a testament to our ongoing initiatives, aimed at addressing critical sustainability issues and communicating our progress to our valued stakeholders.

At the core of PIE's operations is a commitment to purpose, driving us to enhance value for businesses and economies. Our initiatives are centered on shaping the future of our industry, not only fostering economic growth but also emphasizing sustainability. We are steadfast in our mission to incorporate Environmental, Social and Governance (ESG) practices across all aspects of our organization, aspiring to contribute to a better world for future generations.

ABOUT THIS STATEMENT

This Sustainability Statement comprehensively covers the operations of our Malaysian subsidiaries, Pan-International Electronics (Malaysia) Sdn. Bhd. (PIESB) and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. (PIW), collectively referred to as "PIE" or the "Group." These subsidiaries play a pivotal role, contributing approximately 98% to the Group's total revenue. The reporting period spans from 1 January 2023 to 31 December 2023 and adheres to the guidelines stipulated by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).

Operating in tandem with the United Nations' 17 Global Goals, our daily operations reflect a commitment to environmental awareness and sustainability practices. This strategic alignment underscores our dedication to contributing positively to global sustainability efforts. This Statement provides insights into our sustainability journey, governance structure, material sustainability issues and performance data during the specified reporting period.

It's essential to note that all reporting and performance data presented are confined to information concerning owned and operated facilities of PIE unless explicitly stated otherwise. This ensures clarity regarding the boundaries and context within which the provided information is applicable.

SUSTAINABILITY WITHIN OUR BUSINESS

As a leading Electronics Manufacturing Services (EMS) provider, innovation was integral to our growth strategy, ensuring alignment with technological advancements and the maintenance of a competitive edge. Strong corporate governance formed the bedrock of our commitment, focusing on understanding and proactively managing material sustainability matters. Our dedication extended to fostering a healthy and safe work environment, recognizing employees as invaluable assets crucial to achieving our group objectives

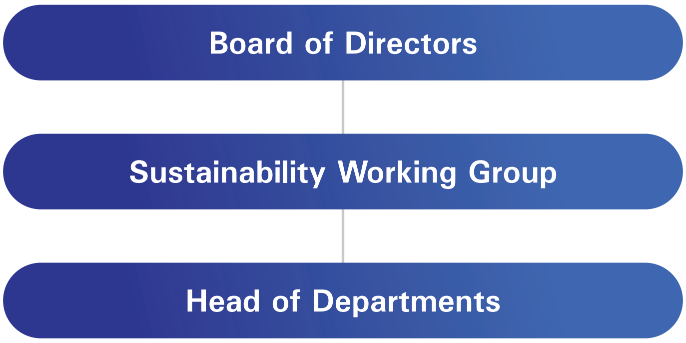
The fiscal year 2023 marked a return to normal operations amid global economic recovery, with our company achieving robust revenue growth. This success was attributed to strategic investments in upgrading facilities and elevating the proportion of high-margin products, demonstrating our dual commitment to profitability and sustainability. Key to this achievement was the collective effort of employees, emphasizing a conducive work environment, labour rights, comprehensive personnel systems and prioritizing safety. As climate change impacts intensified, we actively educated employees, assessed risks and proposed strategies, showcasing our dedication to addressing environmental challenges. Amid a fiercely competitive industry, our commitment to sustainability persisted, driving ongoing investments in research and development, collaborative product development, enhanced production efficiency and overall profitability goals.

At the core of our values is a firm belief in conducting business with integrity and fulfilling Corporate Social Responsibilities. We urge collaboration from employees, suppliers, customers and any other stakeholders in establishing and implementing systems that contribute to a pragmatic, honest and execution-oriented corporate culture. In the face of significant global changes, such as public health events and shifts in the supply chain model, our commitment to diligence, frugality and problem-solving remains steadfast. Caring for all stakeholders, including vulnerable groups and the community, aligns with our overarching goal of sustainable corporate operations.

Sustainability Statement (Cont'd)

SUSTAINABILITY GOVERNANCE STRUCTURE

The governance structure for sustainability is meticulously designed to ensure effective oversight and integration of sustainable practices throughout our business operations. The structure is outlined as follows:



Board of Directors:

The ultimate responsibility for setting sustainability strategies and overseeing all related management lies with the Board of Directors. As the governing body, the Board plays a pivotal role in steering the Group toward its sustainability goals. This includes managing sustainability initiatives and conducting final reviews on all sustainability matters impacting the Group.

Sustainability Working Group (SWG):

Established in 2017, the Sustainability Working Group operates under the leadership of the Chief Financial Officer (CFO). The SWG is tasked with overseeing the practical implementation of sustainability strategies. It evaluates risks and opportunities associated with sustainability, ensuring that initiatives are effectively carried out across the Group. This group acts as a vital link between the Board's strategic decisions and the day-to-day execution of sustainability practices.

Department Heads:

To ensure the comprehensive integration of sustainability, department heads from key functions within the Group play a pivotal role. These functions encompass Human Resources, Finance, Supply Chain, Warehouse, Quality Control, Business Development and Production. Department heads are entrusted with the responsibility of monitoring sustainability initiatives within their domains. They report on the performance of processes and controls related to sustainability, fostering an environment where sustainability becomes an inherent part of every aspect of the Group's operations.

This structured approach reflects our commitment to embedding sustainability in the core of our organizational practices, ensuring that every level of leadership and function actively contributes to our overarching sustainability objectives.

STAKEHOLDER ENGAGEMENT

At PIE, fostering a shared sense of value through robust stakeholder engagement is integral to our commitment to sustainability. We recognize the importance of maintaining strong connections with both internal and external stakeholders, ensuring continuous dialogue to enhance our sustainability initiatives. This ongoing communication allows us to understand the diverse interests and concerns of our stakeholders, providing valuable insights into the Group's operations and identifying opportunities for sustainable growth.

The stakeholder landscape is multifaceted, encompassing those who exert a substantial impact on our business and those significantly affected by our operations. Our commitment to stakeholder engagement extends beyond a mere reporting exercise. It is also a dynamic process where we actively seek input, address concerns and collaborate to achieve mutual benefits.

Sustainability Statement (Cont'd)

STAKEHOLDER ENGAGEMENT (CONT'D)

The following table provides a summary overview of our key stakeholders, reflecting the diverse perspectives and interests that contribute to our collective journey towards sustainability:

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 fulfill our responsibility as a responsible corporate citizen.

Sustainability Statement (Cont'd)

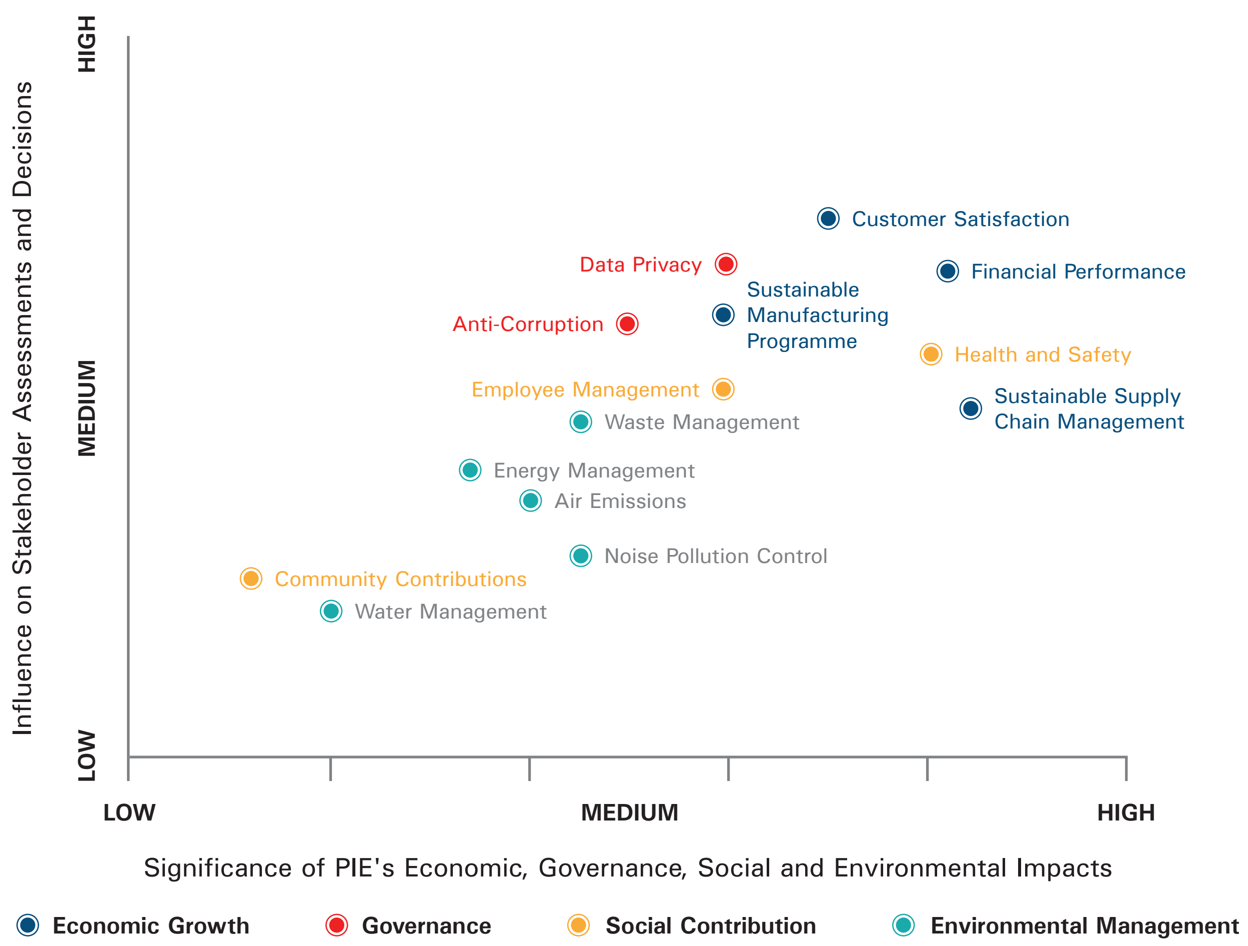
MATERIALITY ASSESSMENT

The materiality assessment process was carried out by the SWG to identify the economic, governance, social, and environmental risks and opportunities (sustainability matters) that have a significant impact on our business. This process provides insights to our stakeholders when making decisions and prioritizing the company's best interests and it was conducted with the guidance of the Sustainability Reporting Guide and Toolkits issued by Bursa Securities.

SWG has identified and prioritized various sustainability issues related to the Group's operations, taking into account both the impact they have and feedback received from stakeholders.

The Matrix reflects that Sustainable Financial Performance, Sustainable Supply Chain Management, Health and Safety as well as Customer Satisfaction are the top material sustainability matters.

MATERIALITY MATRIX



There are fourteen (14) material matters are categorised across four (4) main sustainability themes i.e., creating value through innovation, corporate governance, 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.

Sustainability Pillars	Themes	Material Matters	United Nations Sustainable Development Goals
Economic Growth	Creating Value through Innovation	Financial Performance	8 Decent Work and Economic Growth
		Customer Satisfaction	8 Decent Work and Economic Growth; 12 Responsible Consumption and Production
		Sustainable Manufacturing Programme	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production
		Sustainable Supply Chain Management	8 Decent Work and Economic Growth; 12 Responsible Consumption and Production
Governance	Corporate Governance and Ethical Business Bahaviour	Anti-Corruption	16 Peace, Justice and Strong Institutions
		Data Privacy and Security	16 Peace, Justice and Strong Institutions
Social Contribution	Human Capital Development	Employee Management	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	3 Good Health and Well-Being; 8 Decent Work and Economic Growth
		Community Contributions	10 Reduced Inequalities; 11 Sustainable Cities and Communities
Environmental Management	Environmental Friendly Awareness	Waste Management	3 Good Health and Well-Being; 12 Responsible Consumption and Production; 13 Climate Action
		Air Emissions	3 Good Health and Well-Being; 12 Responsible Consumption and Production; 13 Climate Action
		Noise Pollution Control	3 Good Health and Well-Being; 12 Responsible Consumption and Production
		Energy Management	7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production; 13 Climate Action
		Water Management	6 Clean Water and Sanitation; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production

Sustainability Statement (Cont'd)

ECONOMIC GROWTH

CREATING VALUE THROUGH INNOVATION

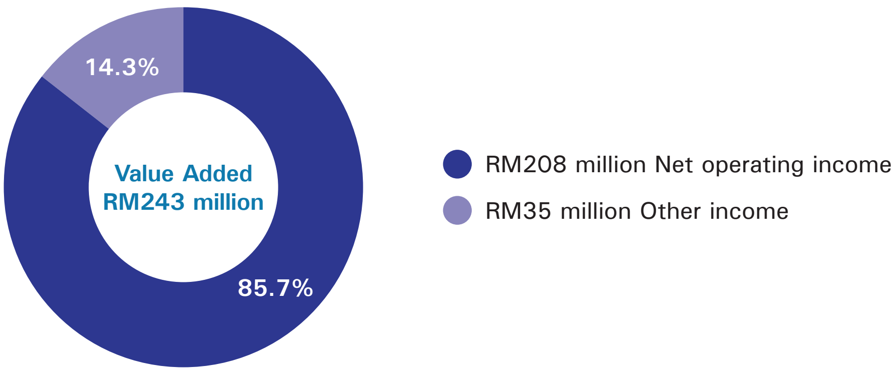
At PIE, innovation plays a crucial role in differentiating us in the competitive global market. Our goal is to meet the needs of our customers by utilizing our expertise to provide quality and innovation products. By aligning our operations processes efficiently, we aim to optimize costs and create greater value for our customers.

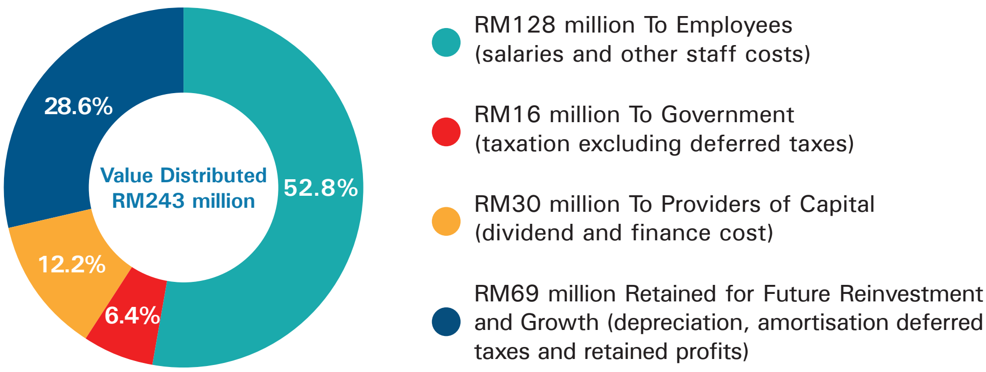
Financial Performance

At PIE, we understand the significance of our financial performance to our stakeholders. Our aim is to sustainably grow our business and strengthen our partnerships with customers and suppliers through delivering quality and innovative products while maintaining integrity in our operations. Furthermore, enhancing shareholder value and providing returns through stable share prices and consistent dividend distributions are also important to us. We are dedicated to achieving long-term growth and business profitability by offering fully integrated one-stop EMS solutions and investing in machinery and infrastructure. This helps us maintain our status as a preferred supplier and meet the needs of our customers.

Financial performance has a direct impact not only on our company but also on our stakeholders such as employees, investors, and the government. A strong financial performance is a primary goal to ensure sustainable growth and future success of the company.

In the reporting year under review, the Group recorded revenue of RM 1,216.92 million, profit before tax of RM 89.47 million, and net profit of RM 73.57 million. Our direct economic value added and the distribution by PIE to stakeholders is shown below.





Further information on our financial performance can be found in Group Financial Highlights and Financial Statements on this Annual Report.

ECONOMIC GROWTH (CONT'D)

CREATING VALUE THROUGH INNOVATION (CONT'D)

Customer Satisfaction

We understand that customer satisfaction is critical to the success of the Group, and we are committed to ensuring a high level of satisfaction among our customers. To achieve this, we prioritize understanding and meeting our customers' needs. This begins with gathering feedback from our key customers through customer engagement and satisfaction surveys. This feedback helps us improve our services, delivery, and overall customer experience.

In FY2023, we continued our efforts to gather feedback from our customers. PIESB and PIW conducted customer satisfaction surveys biannually and annually, respectively. These surveys assess our customers' level of satisfaction with our performance in areas such as quality, delivery, cost, and service.

Tables below disclose the PIESB and PIW performance in various performance areas for the reporting year of 2022 and 2023.

PIESB	Target	2023	2022
Customer feedback			
Quality	A	C	B
Delivery	A	B	B
Cost	A	C	B
Service	A	B	B

PIW	Target	2023	2022
Customer satisfaction index	85%	86.35%	84.57%

In 2023, customer feedback on the quality, delivery, cost, and service provided by PIESB did not meet the target. However, PIESB is committed to continuous improvement to better meet customer needs.

On the other hand, PIW received a customer satisfaction index of 86.35%, which met the target set by management. This indicates that PIW's customers were satisfied with the high-quality wire and cable products, short production lead time, prompt response time, helpful customer service team, and on-time delivery services. Despite the positive feedback, PIW continues to expand its product offerings to better meet customer requirements.

The relationships with our customers are further strengthened through adherence to the Responsible Business Alliance (RBA) Code of Conduct, which establishes a set of core requirements in the electronics industry to promote safe working conditions, protect workers' human rights, and adopt environmentally-friendly manufacturing processes. PIESB uses the RBA Self-Assessment Questionnaire (SAQ) to evaluate its own facilities to ensure compliance with the RBA Code of Conduct and operate in a responsible and ethical manner. The SAQ helps identify social, health and safety, environmental, and ethical risks, and develop corrective action plans to manage those risks.

Sustainable Manufacturing Programme

The growth of technology and international competition brought about by globalization has continued to drive our manufacturing operations to meet customer demands for innovative and high-quality products. At PIE, we collaborate with our customers to implement continuous improvement strategies that align with their expectations at every stage of product development and provide them with the best experience.

We have implemented a Lean Manufacturing Program in our production process to achieve operational excellence by replacing offline processes. This program has helped us reduce wasteful processes and materials, quickly detect defects, minimize the need for supervision, eliminate idle time, and enhance the overall quality and productivity of our production. In 2023, we continue our focus on achieving sustainability through process automation with the Lean Manufacturing Programme. Following our expansion plan, we invested further in machines, automation and equipment to increase our productivity and automation.

The 5S workplace organization method is a crucial component of our Lean Manufacturing Program. The five (5) principles of the 5S method, which stand for "Sort," "Set in Order," "Shine," "Standardize," and "Sustain," aim to maximize efficiency and effectiveness in the workplace by creating a clean, organized, and safe environment. To further enhance its impact, we have added a sixth (6th) "S" for "Safety," which emphasizes the importance of eliminating workplace hazards and ensuring compliance with regulatory requirements. The "5S + Safety" method is implemented through regular audits, which are conducted on all production floors and discussed in weekly operational meetings for ongoing improvement and standardization.

Sustainability Statement (Cont'd)

ECONOMIC GROWTH (CONT'D)

CREATING VALUE THROUGH INNOVATION (CONT'D)

Sustainable Supply Chain Management

Our Supply Chain Management Department is responsible for overseeing and monitoring all supply chain activities, including sourcing, purchasing, and procurement control. We believe that a well-established Supply Chain Management system, combined with sound procurement practices, is crucial in establishing long-lasting relationships with our suppliers. We have implemented several initiatives to promote sustainability in our supply chain.

In our efforts to be a responsible manufacturer, we take a stringent approach to supplier selection by requiring compliance with the RBA Code of Conduct in PIESB and a commitment to not using substances from the REACH Candidate List of Substances of Very High Concern (SVHC) in PIW. Our suppliers must meet both social and environmental standards and adhere to ethical and business integrity standards.

While we aim to purchase locally to support the local economy, we also need to work with foreign suppliers, as certain custom materials used in our production can only be purchased from customer-appointed suppliers, which are primarily located overseas and a portion are locally authorized distributors. Additionally, we work closely with the headquarters' strategic supply chain group in China to secure the best pricing through volume purchases.

As an EMS provider, the majority of our expenditure is allocated to raw materials. For the year 2023, we are currently presenting data exclusively for raw materials.

Table below shows the percentage of local and foreign purchase of raw materials in year 2023.

Percentage of Local and Foreign Purchases of Raw Materials	2023
Local	23%
Foreign	77%

The Group also urges its suppliers to comply with environmental regulations and advocates for an overall supply chain improvement in green consciousness. This forms an integrated protective chain from top to bottom, aiming to achieve common environmental sustainability goals.

GOVERNANCE

CORPORATE GOVERNANCE AND ETHICAL BUSINESS BEHAVIOUR

We understand that robust corporate governance and ethical business practices are essential for the sustainable development of the Group. Therefore, we are committed to upholding the highest standards of governance, ethics, professionalism, and business conduct and acting with integrity in full compliance with relevant laws, rules, and regulations across all our operations. To support this commitment, we have implemented several ongoing initiatives and policies to ensure effective corporate governance across our businesses.

Anti-corruption

We strive to comply with the three (3) principles of the Malaysian Code on Corporate Governance 2021 as a framework to enhance shareholders' value and safeguard the interest of other stakeholders. Our Corporate Governance practices are summarized in the Corporate Governance Overview Statement on this Annual Report.

Our Whistleblowing Policy provides employees and external parties with an internal channel to report unethical behavior, improper business conduct, or any breach or suspected breach of laws, regulations, or the Group's policies and guidelines without fear of retaliation. This policy protects individuals who make such allegations or reports of misconduct. There were no reports received through the whistleblowing channel in 2023.

The Code of Ethics for Directors is based on the principles of honesty, integrity, responsibility, and corporate social responsibility and provides guidance for setting ethical standards for directors and fulfilling their responsibilities and social obligations.

GOVERNANCE (CONT'D)

CORPORATE GOVERNANCE AND ETHICAL BUSINESS BEHAVIOUR (CONT'D)

Anti-corruption (Cont'd)

Our Employee Handbook communicates the components of our code of conduct, including compliance with laws and regulations, respect for colleagues, protection of company property, and professionalism in all business practices, to all employees to ensure they understand and uphold our ethical standards. Additionally, our Business Ethics Policy outlines our obligations and commitments to ethical business practices, and our Labor Policy protects employee human rights and ensures all workers are treated with dignity and respect.

In accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Anti-Bribery and Corruption Policy has been adopted as part of our commitment against all forms of bribery and corruption.

We regularly review our policies to ensure they are relevant and compliant with the current business environment, and we encourage our employees to maintain the highest standards of integrity and accountability at all times. With these initiatives and policies in place, there have been no reported breaches of ethics and integrity in 2023.

The assessment on operations for corruption-related risks was done through comprehensive assessment of corruption risk exercise on all operations.

Operations Assessed for Corruption-related Risks	2023
Group	100%

Additionally, we have organised the anti-corruption training course for all employees, including both direct and indirect workers, as well as those in management positions.

Anti-corruption Training	2023
Management	2%
Direct Workers	21%
Indirect Workers	6%

In year 2023, we incurred zero incidents of corruption and action taken.

Further information on our Corporate Governance Report, Whistleblowing Policy, Code of Ethics for Directors, and Anti-Bribery and Corruption Policy can be found on the Company's corporate website at www.pieib.com.my.

Data Privacy and Security

We have an Information Use and Data Security Compliance policy that applies to all employees. The purpose of this document is to describe information use and security and it is crucial for all employees to understand the topics covered and their individual responsibilities in these areas. In order to prevent intentional or unintentional issues arising from employee use of software and equipment, it is more important than ever to develop a comprehensive data security policy.

This policy has provided employees with information regarding the acceptable use of mobile technology, as well as password security and wireless access policies to protect confidential data. Our security measures include Sophos firewall, BitDefender anti-virus and an IT security policy, among others, to prevent virus attacks, scams, phishing, etc. Employees dealing with outside suppliers and vendors understand the customer requirements for privacy control and data loss prevention. Information entered into the computer is backed up weekly.

In year 2023, we incurred zero case of substantiated complaints concerning breaches of customer privacy and losses of customer data.

Sustainability Statement (Cont'd)

SOCIAL CONTRIBUTION

HUMAN CAPITAL DEVELOPMENT

At PIE, we recognize the significant role that our employees play in the Group's success. That's why we are committed to promoting a healthy and safe work environment, offering career development opportunities, and enhancing employee welfare. Our aim is to have a motivated workforce that contributes to delivering high-quality and innovative products to our customers. In addition, we also understand the importance of maintaining positive relationships with the local communities in which we operate. As such, we actively participate in community activities and strive to build mutually beneficial relationships.

Employee Management

We understand that our employees are the backbone of our success and sustainable growth. Our 3R strategy - "Recruit", "Retain", and "Reinforce" - is designed to create a supportive and engaged work environment where our employees feel valued and respected.

Recruit

In terms of recruitment, we follow strict Labor Policy that promote equality and merit-based selection processes. We aim to 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 but also recruiting fresh graduate or young generation to bring fresh perspective to the Group.

As at 31 December 2023, the Group has a total workforce of 2,608 employees. This reflects a 4.87% increase from the 2,487 employees in 2022. The growth is attributed to the resolution of the Covid-19 pandemic and addressing manpower shortages. Particularly, PIE has fully optimized its workforce and adjusted manpower allocation to meet customer timelines, especially addressing shortages in foreign workers. In addition, the Group does not employ contractors or temporary staff in year 2023.

As stated in our Labor 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 labor and the protection of young workers, we will only employ individuals with the age of 18 and above. In year 2023, we received no substantiated complaints or complaints concerning human rights violations.

We believe a diverse workforce is the beginning stage for lasting success of our businesses. In 2023, our workforce in PIE was represented by 58% male and 42% female. The largest proportion with 58% of our employees is aged below 29. The demographics of our diverse workforce in year 2023.

Employees by Gender	2023	
	Male	Female
Management	0.7%	0.3%
Direct Workers	28.0%	31.5%
Indirect Workers	29.2%	10.3%

Employees by Age	2023		
	Under 30	Between 30-50	Above 50
Management	0%	0.5%	0.4%
Direct Workers	45.3%	26.7%	0.8%
Indirect Workers	12.6%	10.9%	2.8%

In year 2023, most of the directors in PIE were men (71%) and women made up 29%. In addition, 71% of directors were above 50 years old.

Directors by Gender	2023	
	Male	Female
Directors	71%	29%

SOCIAL CONTRIBUTION (CONT'D)

HUMAN CAPITAL DEVELOPMENT (CONT'D)

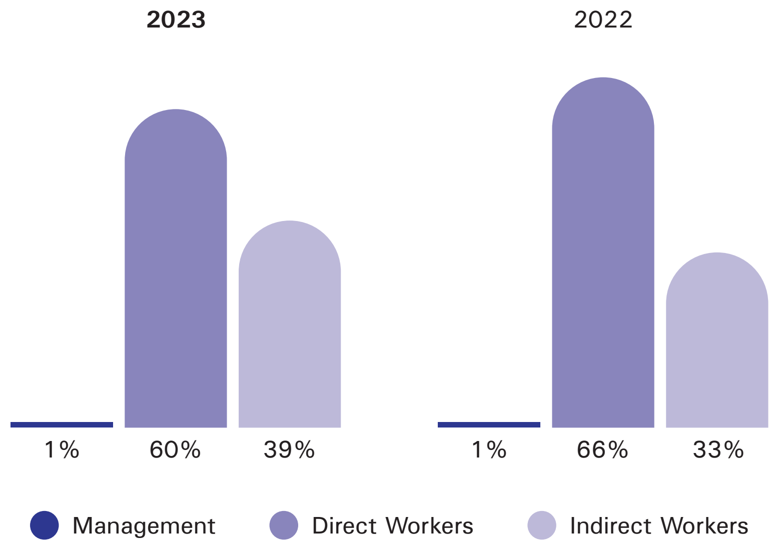
Employee Management (Cont'd)

Recruit (Cont'd)

Directors by Age	2023		
	Under 30	Between 30-50	Above 50
Directors	0%	29%	71%

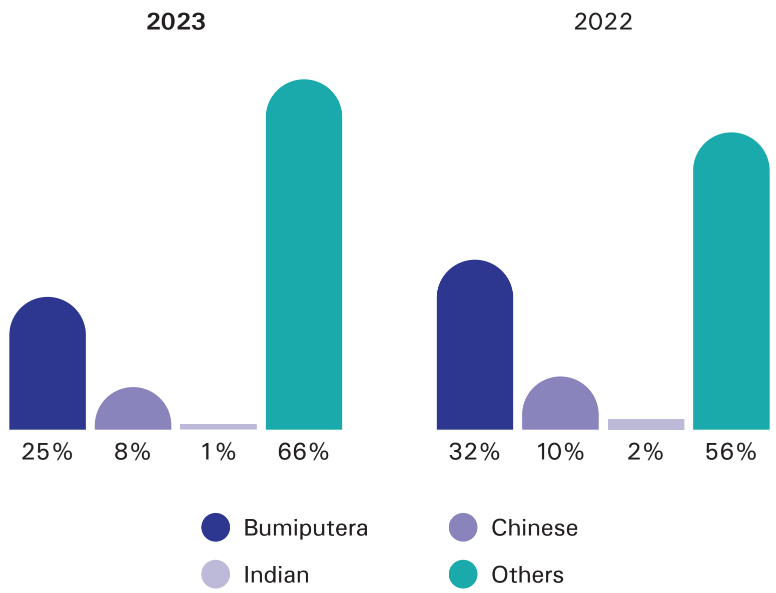
As an EMS provider, a major part of our workforce consists of direct workers. They are 60% of full-time employees of PIE work as production operators in year 2023.

Employee Category



During the reporting year, PIE comprised of 34% Malaysians with 74% Bumiputera, 23% Chinese and 3% Indian and the remaining 66% from other countries including China, Taiwan, Myanmar, Indonesia, Vietnam, Nepal and Bangladesh.

Ethnic Diversity



Sustainability Statement (Cont'd)

SOCIAL CONTRIBUTION (CONT'D)

HUMAN CAPITAL DEVELOPMENT (CONT'D)

Retain

We are dedicated to attracting and retaining top talent by providing fair opportunities and an attractive compensation package to enable them to perform their best for the Group's benefit. To achieve this, we have established a comprehensive employee welfare program and reconfigured our employee benefits package, which is managed by our Human Resources Department to ensure equitable treatment of all employees.

We adhere to the relevant local legal requirements regarding wages and benefits, such as the Minimum Wages Order, Employees' Provident Fund, Social Security, Employment Insurance System, Foreign Workers Hospitalization and Surgical Scheme, and leave provisions. In addition to these, we offer a competitive compensation package and employment benefits such as personal accident insurance, medical insurance, annual medical check-up, meal allowance, canteen, transport allowance, panel clinics or medical fees, designated parking areas, and uniforms. Employees are also eligible for annual increments and bonuses based on their performance, position, and length of service.

Our employees are entitled to weekends off, as well as federal and state holidays. They are also granted annual leave, sick leave, hospitalization leave, wedding leave, maternity leave, and compassionate leave.

This data presents the number of employee turnover for the year 2023.

Number of Employee Turnover	2023
Management	6
Direct Workers	535
Indirect Workers	25

Reinforce

We prioritize providing our employees with training and development programs to ensure their growth in their careers and to keep pace with changing customer expectations in the digital age. This is why we have continued to promote continuous learning and organized various training programs in 2023, totaling 7,656 hours.

Total Hours of Training Attended	2023
Management	145
Direct Workers	5,049
Indirect Workers	2,462

During the year, our employees received training in technical skills, management, and latest industry updates. These opportunities helped our employees improve their occupational skills, develop personally, and prepare for new responsibilities as the Group expands.

The technical skills training was designed to enhance the expertise of our machine operators. Management training aimed to equip our employees with the soft skills necessary for taking on bigger roles within the Group. The latest updates and development programs were intended to keep our employees informed of the most recent rules and regulations and changes in their respective fields. Additionally, all new employees are required to attend induction training on their first day to familiarize themselves with the Group.

Health and Safety

We are dedicated to creating a healthy and safe work environment for all our employees, visitors, customers, suppliers, contractors, and the local community. To achieve this, we have established the Environment, Health, and Safety (EHS) management system to continually improve our performance and ensure a secure, safe, and healthy work environment.

We have implemented a comprehensive Safety and Health Policy across the Group with the aim of enhancing our EHS management system, providing adequate training on environmental protection, workplace safety, and health hazards, minimizing EHS incidents through effective safety management techniques, and achieving the highest level of EHS performance.

SOCIAL CONTRIBUTION (CONT'D)

HUMAN CAPITAL DEVELOPMENT (CONT'D)

Reinforce (Cont'd)

Health and Safety (Cont'd)

Our Safety and Health Committee is responsible for overseeing safety-related matters within the Group, monitoring our EHS performance, and making recommendations for improvement. They are in charge of reviewing the Safety and Health Policy to ensure compliance with the Occupational Safety and Health Act 1994 and environmental requirements, as well as any other applicable regulations. Additionally, the Committee regularly reviews the EHS management system to ensure its effectiveness and relevance.

In the year 2023, our effective EHS management system resulted in no reported work-related deaths. However, there was 1 (one) reported case of work-related injury. We continue to increase awareness among our employees about health and safety measures and potential risks in our operations to prevent workplace incidents. The lost time incident rate for the year 2023 was zero.

During the year, our efforts to address health and safety issues included but were 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, equipment 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;
- 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 evacuation drill;
- 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; and
- 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.

The Safety and Health Committee is responsible for ensuring that EHS-related training is properly arranged and carried out throughout the Group. Our focus is on increasing our employees' awareness of EHS issues through numerous training sessions. To this end, we continue to provide a safety induction course for new hires upon joining the company. Firefighting training was provided for members of the Emergency Response Team (ERT) to equip them with the proper knowledge and skills for any possible emergencies. We also conducted 5S and safety awareness training to enhance our employees' safety awareness and emergency response capabilities. In year 2023, 21 employees received training on health and safety standards.

Community / Society

We understand the significance of organisations participating in Corporate Social Responsibility (CSR) activities. In 2023, we donated RM800 to two (2) beneficiaries as our way of giving back to society.

Moving forward, we are committed to getting even better at CSR. We want to find new ways to help communities, work closely with CSR groups and make a bigger and longer-lasting impact on important social issues.

By actively taking part in CSR activities, we want to be a good corporate organisation, doing our part to make society better. We are excited about growing our CSR efforts, making positive changes and leaving a lasting impression on the communities we care about.

Sustainability Statement (Cont'd)

ENVIRONMENTAL MANAGEMENT

ENVIRONMENTALLY FRIENDLY AWARENESS

We are dedicated to managing our business operations in an environmentally friendly manner, ensuring strict compliance with all relevant environmental regulations and adhering to local authorities' prescribed limits. In instances where specific limits are absent, we strive to operate at levels deemed environmentally acceptable, with a commitment to minimizing our ecological footprint. Through our sustainability initiatives, we have successfully increased productivity while preserving product quality, concurrently reducing our overall environmental impact.

Historically, industrial development pursued economic prosperity at the expense of environmental and societal consequences, leading to global climate change and extreme weather events. The ongoing pandemic has accentuated the importance of sustainable development. At its core, sustainable development seeks to harmonize economic growth with social inclusivity, environmental preservation and fairness. It ensures the enhancement of current well-being without compromising that of future generations, while perpetually regenerating biological and ecological systems. Consequently, environmental sustainability has emerged as a critical global concern, garnering attention from both individuals and governments.

Waste Management

Every year, more than tens of thousands of tons of plastic waste flow into the oceans, becoming a major source of marine pollution. This poses a deadly threat to marine life, accumulating even within organisms and contaminating the Earth. As an EMS provider, we are aware that our manufacturing processes generate various types of waste. We are committed to responsible waste management practices that comply with all relevant laws and regulations. Training on chemical spillage and handling was conducted for Schedule Waste Handlers to ensure proper handling of schedule waste. Our waste management is overseen by the Safety Officer and governed by our Environment Policy and Waste Management Procedures.

Waste Management Procedures are in place to standardize waste disposal practices and waste management initiatives. We categories our waste into two (2) 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 is kept in metal container with cover and proper labelling and stored at sheltered scheduled waste store.

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.

This year, we continue to focus our waste management practices by monitoring the Group's waste management performance and recycled activities carried out throughout the Group. We do this by putting effort into 3R Concept-Reuse, Reduce and Recycle waste whenever possible at every stage of our operations. Our ongoing initiatives include developing standardized 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 cavities per tray and reuse the verified tray to enjoy cost saving and mitigate environmental impact. Moreover, we conduct awareness training on handling and management of waste as well as monitoring waste disposal in interval time to ensure the waste is not over-disposed.

In year 2023, we incurred zero monetary fines and received no non-monetary sanctions for non-compliance with environmental laws and regulations for waste management.

Total waste diverted from disposal refers to recyclable materials, such as paper, plastic and metal, that were sold for recycling in the year 2023 as below.

Total Waste Diverted from Disposal (Ton)	2023
Paper	282
Plastic	231
Metal	38

The total waste directed to disposal, including hazardous waste collected by an approved contractor for year 2023 as below.

Total Waste Directed to Disposal (Ton)	2023
Hazardous Waste	59

ENVIRONMENTAL MANAGEMENT (CONT'D)

ENVIRONMENTALLY FRIENDLY AWARENESS (CONT'D)

Air Emissions

We comply with the air emission regulatory standards set by the DOE as per the Environmental Quality (Clean Air) Regulations 2014. Our business operations generate minimal air emissions, and to ensure that we meet the standards set by the DOE, we have engaged an external consultant to conduct cost-effective on-site air emission monitoring.

The consultant is responsible for collecting samples, monitoring parameters and determining air emission impurities level from our chimneys. Our air emissions are channeled through six (6) 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 analyzing the samples from each chimney.

The monitoring parameters were Particulate Matter, Indium, Tin, Antimony, Copper, Lead, Nickel, Silver, Glycol Ether and IPA in PIESB. Table below shows the results of the latest assessment conducted in year 2022 and 2023.

Parameter	DOE limit (mg/m³)	Compliance 2023	Compliance 2022
Particulate Matter	50	Complied	Complied
Indium	5	Complied	Complied
Tin	5	Complied	Complied
Antimony	5	Complied	Complied
Copper	1	Complied	Complied
Lead	1	Complied	Complied
Nickel	1	Complied	Complied
Silver	0.2	Complied	Complied
Glycol Ether	100	Complied	Complied
IPA	150	Complied	Complied

Meanwhile, the monitoring parameters were Particulate Matter, Tin and Copper in PIW. Table below shows the results of the latest assessment conducted in year 2022 and 2023.

Parameter	DOE limit (mg/m³)	Compliance 2023	Compliance 2022
Particulate Matter	50	Complied	Complied
Antimony	5	N/A	N/A
Arsenic	0.2	N/A	N/A
Cadmium	0.2	N/A	N/A
Tin	5	Complied	Complied
Copper	1	Complied	Complied
Lead	1	N/A	N/A
Mercury	0.2	N/A	N/A
Hydrogen Chloride	30	N/A	N/A

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 aware that noise emissions from our manufacturing processes are inevitable. Thus, our noise monitoring is supervised by Quality Control Lab Engineer and we evaluate the noise levels produced by our operations at PIESB on a bi-annual basis to ensure compliance with the Factories and Machinery (Noise Exposure) Regulations 1989.

Besides, we have conducted on-site noise level measurement at the boundary of the factory during day and night. The purpose of this boundary noise monitoring is to ensure compliance with The Environmental Quality Act 1974 by comparing the boundary noise level with noise level limits specified in the "Guidelines for Environmental Noise Limits and Control – Third (3rd) Edition". Our monitoring results have shown that the average noise level detected at all seven (7) sampling points was within the permissible sound limit during both the daytime and nighttime.

ENVIRONMENTAL MANAGEMENT (CONT'D)

ENVIRONMENTALLY FRIENDLY AWARENESS (CONT'D)

Noise Pollution Control (Cont'd)

We have also 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, our main source of energy consumption is from our production machinery and facility equipment. We are dedicated to the responsible management of energy usage through a series of energy conservation initiatives, aimed at reducing operational costs and minimizing our impact on the environment.

The energy structure utilized is primarily dominated by externally purchased electricity. Therefore, the following analysis is based on the disclosure and examination of externally purchased electricity sources. The energy management strategy is primarily focused on reducing electricity consumption. The Group, through a dedicated committee, formulates energy-saving and carbon reduction policies and goals, coordinating and integrating energy-saving initiatives. Regular meetings are convened to continually introduce various energy-saving plans and strive towards new milestones in energy conservation.

Visible signs, such as "switch off when not in use," are placed throughout our workplace to remind employees to conserve electricity by turning off lights, air conditioning and machinery when not in use. We also train our employees to turn off all unused equipment during breaks.

To prevent energy waste, we maintain and replace all lightings and electrical equipment, and our employees are encouraged to report any issues, such as burned-out light bulbs, faulty switches, tripped circuit breakers or electrical shocks, to the Maintenance Department immediately.

In year 2023, we incurred zero monetary fines and received no non-monetary sanctions for non-compliance with environmental laws and regulations for energy management.

We recorded our energy consumption in year 2023 as below.

Electricity	2023
Electricity Consumption (kWh)	33,241,952.00
Gigajoules (GJ)*	119,671.03
Sales (RM mil)	1,216.92
Gigajoules (GJ) / Sales (RM mil)	98.34

As is widely known, solar energy can reduce environmental impact. Therefore, we have been working on installing solar panels since 2023. Below are the energy-saving data obtained in the year 2023 and we are committed to continuing the installation of solar panels in the near future to contribute the energy saving and cut down on carbon dioxide from purchased electricity. We are also planning to teach our team about greenhouse gases to help reduce carbon dioxide in the future and to do our part to make things better for the environment.

ENVIRONMENTAL MANAGEMENT (CONT'D)

ENVIRONMENTALLY FRIENDLY AWARENESS (CONT'D)

Energy Management (Cont'd)

Renewable Energy	2023
Electricity Saving (kWh)	1,170,434.50
Gigajoules (GJ)*	4,213.56
Total Saving / Total Consumption	3.52%

*1 kWh = 0.0036 GJ, Data refer to Suruhanjaya Tenaga (Malaysia Energy Statistics Handbook 2020)

Here is the data illustrating electricity consumption after savings from solar energy and the corresponding carbon dioxide emissions for the year 2023.

Electricity	2023
Electricity Consumption (kWh)	32,071,517.50
Carbon Dioxide (tCO2-e) **	25,015.78

**1 kWh = 0.00078 Carbon Dioxide, Data based United Nations Framework Convention on Climate Change Malaysia Report

Water Management

In light of recent climate change, extreme weather events and unpredictable rainfall patterns, water resources have become increasingly scarce. Effective water management has grown paramount for production and cost considerations.

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 year 2023, we incurred zero monetary fines and received no non-monetary sanctions for non-compliance with environmental laws and regulations for water management.

We recorded our water usage in year 2023 as below:

Water	2023
Water Usage (m3)	195,280.00
Liter	195,280,000.00
Megaliter	195.28
Sales (RM mil)	1,216.92
Mageliter / Sales (RM mil)	0.16

This statement was made in accordance with a resolution of the Board dated 08 March 2024.

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; and
- Ensured that the accounting estimates included in the financial statements are reasonable and prudent.

The financial statements for the year ended 31 December 2023 had been approved by the Board on 13 March 2024.

This statement was made in accordance with a resolution of Board dated 08 March 2024.

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 2023 (FY2023) 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	40,000	50,000[1]
Subsidiaries	206,036	63,200[2]
Total	**246,036**	**113,200**

[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 was 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 FY2023 are disclosed on pages 101 and 102 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, 2023.

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	73,571,752	27,550,859

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, 2023:	
A single tier interim dividend of RM0.05 per share	19,202,099
A special single tier interim dividend of RM0.02 per share	7,680,840
	26,882,939

The directors do not recommend the payment of any final dividend in respect of the current financial year.

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 there were no known bad debts to be 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.

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

(a) which would require the writing off of bad debts or render the amount of 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
Lee Cheow Kooi
Koay San San
Wong Thai Sun
Lan Kuo-Yi
Lim Chien Ch'eng
Huang, Yi Ling (appointed on February 23, 2024)

Directors' Report (Cont'd)

DIRECTORS (Cont'd)

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

Direct subsidiaries	Directors of the subsidiaries
Pan-International Electronics (Malaysia) Sdn. Bhd.	Huang, Feng-An Tsai, Ming-Feng Yu, Wen-Ling Law Tong Han
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	Liao, Yueh-Chen Huang, Feng-An Yu, Wen-Ling Tsai, Ming-Feng Lan, Kuo-Yi (appointed on May 31, 2023) Chen, Ming-Lung (resigned on May 31, 2023)
Pan-International Electronics (Thailand) co., Ltd.	Huang, Feng-An Tsai, Ming Feng Lee Yu Hsien

Indirect subsidiaries	Directors of the subsidiaries
PIE Enterprise (M) Sdn. Bhd.	Mui Chung Meng Huang, Feng-An Yu, Wen-Ling Cheah Heng Lye Tsai, Ming-Feng
P.I.W. Enterprise (Malaysia) Sdn. Bhd.	Liao, Yueh-Chen Huang, Feng-An Yu, Wen-Ling Tsai, Ming-Feng Lan, Kuo-Yi (appointed on May 31, 2023) Chen, Ming-Lung (resigned on May 31, 2023)

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 1.1.2023	Bought	Sold	Balance as of 31.12.2023
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 his 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.

None of the other directors held shares or have beneficial interest in the shares of the Company or of related corporations during the financial year.

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 RM2,994,480 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 28 to the financial statements. Certain directors have also received remuneration from related companies in their capacities as directors or executives of those related companies 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 RM16,357.

Other than disclosed above, there was no indemnity given to or insurance effected for 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, 2023 are RM246,036 and RM40,000 respectively.

HOLDING COMPANY

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a company incorporated in British Virgin Islands and Pan-International Industrial Corp., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange Corporation respectively.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 33 to the financial statements.

Directors' Report (Cont'd)

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,

March 13, 2024

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, 2023, 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 material accounting policy information, as set out on pages 56 to 112.

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, 2023, 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 Group and 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.

Independent Auditors' Report
To The Members Of P.I.E. Industrial Berhad (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	Our audit performed and responses thereon
Valuation of inventories	
The Group has significant balance of inventories as at December 31, 2023 which mainly comprised of raw materials amounting to RM140,302,677, work-in-progress amounting to RM80,461,688 and finished goods amounting to RM34,580,916 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. The cost of inventories recognised as an expense include RM1,639,910 in respect of net write-downs 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 records (e.g. job orders) and also assessed if each inventory category has been classified into the correct ageing buckets. We tested the movement of slow moving inventories for raw materials, work-in-progress and finished goods inventories to subsequent usage and also assessed whether the 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 inaccurate 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 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. 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 direct expenses for the year. We also agreed selected quantities of the work-in-progress and finished goods samples to production records.

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.

Independent Auditors' Report
To The Members Of P.I.E. Industrial Berhad (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

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.

Independent Auditors' Report
To The Members Of P.I.E. Industrial Berhad (Cont'd)

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.

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

ADRIAN LAM KEEN LEONG
Partner – 03553/02/2025 J
Chartered Accountant

Penang,

March 13, 2024

Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2023

	Notes	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Revenue	5	**1,216,916,059**	1,165,277,968	**34,203,249**	34,201,772
Cost of sales		**(1,131,397,000)**	(1,070,368,509)	-	-
Gross profit		**85,519,059**	94,909,459	**34,203,249**	34,201,772
Other operating income		**33,768,432**	27,809,818	**102,151**	80,200
Administrative expenses		**(23,277,921)**	(22,314,730)	**(6,433,333)**	(5,912,657)
Selling and distribution expenses		**(4,763,328)**	(4,271,969)	-	-
Other operating expenses		**(1,748,756)**	(13,142,076)	-	-
Share of loss in associated company		**(9,850)**	-	-	-
Operating profit		**89,487,636**	82,990,502	**27,872,067**	28,369,315
Interest income		**2,684,838**	474,088	-	-
Interest expense		**(2,702,825)**	(1,402,952)	-	-
Profit before tax	6	**89,469,649**	82,061,638	**27,872,067**	28,369,315
Tax expense	8	**(15,897,897)**	(12,031,102)	**(321,208)**	(194,664)
Profit for the year		**73,571,752**	70,030,536	**27,550,859**	28,174,651
Other comprehensive income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences		**1,667,753**	830,674	-	-
Foreign currency translation reserve arising from deemed disposal of a subsidiary reclassified to profit or loss		**(493,935)**	-	-	-
Remeasurement gains on defined benefits plan		**581,897**	-	-	-
Income tax relating to remeasurement gains on defined benefit plans		**(116,379)**	-	-	-
Total comprehensive income for the year		**75,211,088**	70,861,210	**27,550,859**	28,174,651
Earnings per share:					
Basic/Diluted (sen per share)	9	**19.16**	18.24		

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

Statements Of Financial Position
At December 31, 2023

	Notes	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Assets					
Non-current assets					
Property, plant and equipment	10	**186,921,259**	164,011,046	-	-
Investment properties	11	**22,079,346**	21,506,923	-	-
Right-of-use assets	12	**21,730,061**	22,746,158	-	-
Investment in subsidiaries	13	-	-	**79,918,805**	79,918,805
Investment in associates	14	**165,150**	-	**25,000**	25,000
Goodwill on consolidation	15	**1,721,665**	1,721,665	-	-
Deferred tax assets	16	**1,216,613**	1,216,491	**827,120**	827,120
Total non-current assets		**233,834,094**	211,202,283	**80,770,925**	80,770,925
Current assets					
Inventories	17	**277,654,237**	287,797,776	-	-
Trade and other receivables	18	**330,744,524**	336,011,163	**21,637,451**	21,519,819
Current tax assets		**1,968,988**	7,203,461	**1,376,128**	555,336
Short-term investments	19	**1,576,666**	1,471,410	**1,576,666**	1,471,410
Cash and cash equivalents	20	**62,855,591**	63,176,132	**376,067**	322,601
Total current assets		**674,800,006**	695,659,942	**24,966,312**	23,869,166
Total assets		**908,634,100**	906,862,225	**105,737,237**	104,640,091
Equity and liabilities					
Capital and reserves					
Share capital	21	**83,202,902**	83,202,902	**83,202,902**	83,202,902
Reserves	22	**16,536,932**	15,363,114	**16,408,221**	16,408,221
Retained earnings	23	**509,054,977**	461,900,646	**2,416,729**	1,748,809
Total equity		**608,794,811**	560,466,662	**102,027,852**	101,359,932
Non-current liability					
Retirement benefit obligations	24	**1,699,371**	2,060,381	-	-
Deferred tax liabilities	16	**11,071,145**	10,682,594	-	-
		12,770,516	12,742,975	-	-
Current liabilities					
Trade and other payables	25	**218,563,301**	226,027,418	**3,709,385**	3,280,159
Borrowings	26	**67,539,600**	105,569,000	-	-
Current tax liabilities		**965,872**	2,056,170	-	-
Total current liabilities		**287,068,773**	333,652,588	**3,709,385**	3,280,159
Total liabilities		**299,839,289**	346,395,563	**3,709,385**	3,280,159
Total equity and liabilities		**908,634,100**	906,862,225	**105,737,237**	104,640,091

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

Statements of Changes in Equity
For The Year Ended December 31, 2023

The Group

	Notes	Share capital RM	Non-distributable Foreign currency translation reserve RM	Non-distributable Revaluation reserve RM	Distributable Retained earnings RM	Total RM
Balance as of January 1, 2022		83,202,902	11,872,862	2,659,578	418,753,049	516,488,391
Profit for the year		-	-	-	70,030,536	70,030,536
Other comprehensive income for the year, net of income tax		-	830,674	-	-	830,674
Total comprehensive income for the year		-	830,674	-	70,030,536	70,861,210
Dividends paid	27	-	-	-	(26,882,939)	(26,882,939)
Balance as of December 31, 2022		83,202,902	12,703,536	2,659,578	461,900,646	560,466,662
Balance as of January 1, 2023		83,202,902	12,703,536	2,659,578	461,900,646	560,466,662
Profit for the year		-	-	-	73,571,752	73,571,752
Other comprehensive income for the year, net of income tax		-	1,173,818	-	465,518	1,639,336
Total comprehensive income for the year		-	1,173,818	-	74,037,270	75,211,088
Dividends paid	27	-	-	-	(26,882,939)	(26,882,939)
Balance as of December 31, 2023		83,202,902	13,877,354	2,659,578	509,054,977	608,794,811

Statements of Changes in Equity (Cont'd)
For The Year Ended December 31, 2023

The Company

	Notes	Share capital RM	Non-distributable Merger reserve RM	Distributable Retained earnings RM	Total RM
Balance as of January 1, 2022		83,202,902	16,408,221	457,097	100,068,220
Profit for the year		-	-	28,174,651	28,174,651
Other comprehensive income for the year, net of income tax		-	-	-	-
Total comprehensive income for the year		-	-	28,174,651	28,174,651
Dividends paid	27	-	-	(26,882,939)	(26,882,939)
Balance as of December 31, 2022		83,202,902	16,408,221	1,748,809	101,359,932
Balance as of January 1, 2023		83,202,902	16,408,221	1,748,809	101,359,932
Profit for the year		-	-	27,550,859	27,550,859
Other comprehensive income for the year, net of income tax		-	-	-	-
Total comprehensive income for the year		-	-	27,550,859	27,550,859
Dividends paid	27	-	-	(26,882,939)	(26,882,939)
Balance as of December 31, 2023		83,202,902	16,408,221	2,416,729	102,027,852

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

Statements Of Cash Flows
For The Year Ended December 31, 2023

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Cash flows from operating activities				
Profit before tax	**89,469,649**	82,061,638	**27,872,067**	28,369,315
Adjustments for:				
Depreciation of property, plant and equipment	**21,383,566**	23,319,880	-	-
Interest expense	**2,702,825**	1,402,952	-	-
Inventories written down/(Reversal of inventories written down), net	**1,639,910**	(2,864,568)	-	-
Unrealised loss/(gain) on foreign exchange, net	**1,234,529**	10,153,597	**(46,811)**	(62,073)
Property, plant and equipment written off	**1,092,663**	112,113	-	-
Amortisation of right-of-use assets	**1,016,097**	796,865	-	-
Provision for retirement benefits obligations	**156,808**	209,692	-	-
Loss on deemed disposal of a subsidiary	**155,825**	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	**56,694**	(393,569)	-	-
Share of loss in associated company	**9,850**	-	-	-
Interest income	**(2,684,838)**	(474,088)	-	-
Fair value gain on investment properties	**(350,000)**	(580,000)	-	-
(Reversal of)/Provision for expected credit loss of trade receivables, net	**(117,388)**	159,572	-	-
Fair value gain on financial asset at fair value through profit or loss	**(55,341)**	(18,127)	**(55,341)**	(18,127)
Investment income earned on financial asset at fair value through profit or loss	**(3,249)**	(1,772)	**(3,249)**	(1,772)
Dividend income	-	-	**(27,000,000)**	(27,000,000)
	115,707,600	113,884,185	**766,666**	1,287,343
Movements in working capital:				
Decrease in inventories	**8,850,167**	15,964,426	-	-
Increase in receivables	**(2,189,689)**	(95,872,758)	**(117,632)**	(1,226,554)
(Decrease)/Increase in payables	**(2,275,081)**	3,525,995	**429,226**	621,185
Cash generated from operations	**120,092,997**	37,501,848	**1,078,260**	681,974
Retirement benefits paid	**(45,052)**	-	-	-
Income tax paid, net	**(11,501,192)**	(13,788,566)	**(1,142,000)**	(750,000)
Interest paid	**(2,702,825)**	(1,402,952)	-	-
Tax refund received	**41,700**	-	-	-
Dividend received	-	-	**27,000,000**	27,000,000
Net cash from operating activities	**105,885,628**	22,310,330	**26,936,260**	26,931,974
Cash flows from investing activities				
Interest received	**2,684,838**	474,088	-	-
Proceed from disposal of property, plant and equipment	**138,641**	393,586	-	-
Increase in short-term investments	**145**	-	**145**	-
Acquisition of property, plant and equipment	**(45,236,744)**	(46,675,292)	-	-
Net cash outflow on deemed disposal of a subsidiary	**(175,686)**	-	-	-
Placement of cash and bank balances pledged	**(26,400)**	(11,200)	-	-
Net cash (used in)/from investing activities	**(42,615,206)**	(45,818,818)	**145**	-

Statements Of Cash Flows (Cont'd)
For The Year Ended December 31, 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Cash flows from financing activities					
Changes in bank borrowings		**(37,080,400)**	35,198,300	-	-
Dividends paid		**(26,882,939)**	(26,882,939)	**(26,882,939)**	(26,882,939)
Net cash (used in)/from financing activities		**(63,963,339)**	8,315,361	**(26,882,939)**	(26,882,939)
Net (decrease)/increase in cash and cash equivalents		**(692,917)**	(15,193,127)	**53,466**	49,035
Effect of foreign exchange rate changes		**345,976**	82,901	-	208
Cash and cash equivalents at the beginning of the year		**62,664,932**	77,775,158	**322,601**	273,358
Cash and cash equivalents at the end of the year	20	**62,317,991**	62,664,932	**376,067**	322,601

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group'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 or, future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities:

The Group

	01.01.2023 RM	Cash flows used in financing activities RM	Unrealised gain on foreign exchange RM	31.12.2023 RM
Borrowings	105,569,000	(37,080,400)	(949,000)	67,539,600

	01.01.2022 RM	Cash flows used in financing activities RM	Unrealised loss/(gain) on foreign exchange RM	31.12.2022 RM
Borrowings	71,502,000	35,198,300	(1,131,300)	105,569,000

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, Penang, 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, Penang, Malaysia.

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a company incorporated in British Virgin Islands and Pan-International Industrial Corp., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange Corporation 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 13, 2024.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements 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 revised MFRSs

In the current year, the Group and Company has applied a number of revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2023.

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* - Comparative Information
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MRFS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

Their adaption has not had any material impact on the disclosures or on the amounts reported in these financial statements other than the below.

Impact on application of amendments to MFRS 101 *Presentation of Financial Statements*

The Group and the Company has adopted the amendments to MFRS 101 for the first time in the current year. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

Impact on application of amendments to MFRS 112 *Income Taxes*

The Group has adopted the amendments to MFRS 112 for the first time in the current year. The IASB amends the scope of MFRS 112 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in MFRS 112, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Further details of the income tax are disclosed in Note 8.

New and revised standards in issue but not yet effective

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

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback [(a)]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current [(a)]
Amendments to MFRS 101	Non-Current Liabilities with Covenants [(a)]
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements [(a)]
Amendments to MFRS 121	Lack of Exchangeability [(b)]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [(c)]

(a) Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.
(b) Effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.
(c) 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. MATERIAL ACCOUNTING POLICY INFORMATION

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 Group and 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:

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Basis of accounting (Cont'd)

- 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.

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 losses 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Subsidiary and basis of consolidation (Cont'd)

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Revenue recognition and other operating income (Cont'd)

(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 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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Taxation (Cont'd)

(b) Deferred tax (Cont'd)

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.

(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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

3. **MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

Employee benefit expenses (Cont'd)

(c) Defined benefit plan (Cont'd)

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 asset 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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Foreign currencies (Cont'd)

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.

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.

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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Leases (Cont'd)

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

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.
- 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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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 machineries	10% - 33.3%
Production tools and equipment	10% - 50%
Furniture, fixtures and office equipment	10% - 33.3%
Mechanical and electrical installation	10% - 20%
Motor vehicles	20%
Computer and software	10% - 16.67%

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Investment Properties (Cont'd)

(b) Reclassification to/from investment properties (Cont'd)

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 assets 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.

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.

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.

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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.

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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Amortised cost and effective interest method (Cont'd)

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.

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 31.

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. MATERIAL ACCOUNTING POLICY INFORMATION (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 the 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. MATERIAL ACCOUNTING POLICY INFORMATION (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. **MATERIAL ACCOUNTING POLICY INFORMATION (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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (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 31.

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.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

(i) the amount of the loss allowance determined in accordance with MFRS 9 *Financial Instruments*; or
(ii) the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Foreign exchange gains and losses (Cont'd)

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 the 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.

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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

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

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

(i) Depreciation of property, plant and equipment (Cont'd)

During the financial year, the Group reviewed and revised the estimated useful lives of its plant and machineries. Based on this review, the Group had estimated that the annual depreciation rate for certain plant and machineries should be revised from 16.67% in the prior year to 10% in the current year. This change in accounting estimate was made prospectively to better reflect the remaining estimated useful life of the assets. The effect of this change in accounting estimate is that the Group's profit before tax for the current financial year has been higher by RM5,243,419 compared to had this change not been affected as a result of lower depreciation expense for the year.

(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 growth rate and 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/or obsolete inventories based on the assessment of future sales demand and/or forecast. If there are no future demand or forecast expected for the raw material, work-in-progress or finished goods inventories (e.g. where such finished goods are expected to be discontinued or replaced in the near future and there is no reuse opportunities for the raw materials, work-in-progress or finished goods), an allowance for slow moving and/or obsolete inventory will be made. Further details are given in Note 17.

(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 Group and the Company 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 31(c)(iii).

5. REVENUE

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Segment revenue				
Revenue from contract with customers:				
Manufacturing of industrial products	**1,216,893,276**	1,165,125,479	-	-
Trading of electronic materials	**19,534**	150,717	-	-
	1,216,912,810	1,165,276,196	-	-
Investment income earned from financial asset at fair value through profit or loss	**3,249**	1,772	**3,249**	1,772
Management fees	-	-	**7,200,000**	7,200,000
Dividend income from subsidiaries	-	-	**27,000,000**	27,000,000
Total revenue	**1,216,916,059**	1,165,277,968	**34,203,249**	34,201,772
Timing of revenue recognition				
Goods transferred at a point in time	**1,216,916,059**	1,165,277,968	**27,003,249**	27,001,772
Services transferred over time	-	-	**7,200,000**	7,200,000
Total revenue	**1,216,916,059**	1,165,277,968	**34,203,249**	34,201,772
Geographical markets				
Malaysia	**750,851,784**	612,155,368	**34,203,249**	34,201,772
United States of America	**180,405,630**	218,277,184	-	-
Other Asia Pacific countries	**194,768,693**	220,656,542	-	-
Europe	**90,863,024**	114,188,874	-	-
Africa	**26,928**	-	-	-
Total revenue	**1,216,916,059**	1,165,277,968	**34,203,249**	34,201,772

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

6. PROFIT BEFORE TAX

Profit before tax has been arrived at:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Employee benefit expenses (Note 7)	**128,329,395**	120,629,161	**6,167,310**	5,690,942
Depreciation of property, plant and equipment (Note 10)	**21,383,566**	23,319,880	-	-
Interest expense	**2,702,825**	1,402,952	-	-
Inventories written down, net (Note 17)	**1,639,910**	-	-	-
Unrealised loss on foreign exchange, net	**1,234,529**	10,153,597	-	-
Property, plant and equipment written off	**1,092,663**	112,113	-	-
Amortisation of right-of-use assets (Note 12)	**1,016,097**	796,865	-	-
Expenses relating to short-term and low value leases:				
Premises	**662,647**	524,384	-	-
Office equipment	**17,925**	20,773	-	-
Statutory audit fees:				
Deloitte PLT	**176,500**	149,750	**40,000**	35,000
Other auditors	**69,536**	63,630	-	-
Loss on deemed disposal of a subsidiary	**155,825**			
Non-statutory audit fees:				
Deloitte PLT and its affiliates	**113,200**	56,700	**37,500**	39,000
Others	-	70,558	-	-
Loss on disposal of property, plant and equipment	**56,694**			
Provision for expected credit loss of trade receivables, net	-	159,572	-	-
Share of loss in associated company	**9,850**	-	-	-
And crediting:				
Gain on foreign exchange, net:				
Realised	**22,538,245**	8,043,787	-	-
Unrealised	-	-	**46,811**	62,073
Interest income	**2,684,838**	474,088	-	-
Rental income from investment properties (Note 11)	**2,400,825**	4,488,968	-	-
Fair value gain on investment properties	**350,000**	580,000	-	-
Reversal of provision for expected credit loss of trade receivables, net	**117,388**	-	-	-
Fair value gain on financial assets at fair value through profit or loss	**55,341**	18,127	**55,341**	18,127
Investment income earned on financial asset at fair value through profit or loss	**3,249**	1,772	**3,249**	1,772
Gain on disposal of property, plant and equipment	-	393,569	-	-
Reversal of inventories written down, net (Note 17)	-	2,864,568	-	-

7. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Wages, salaries and others	**123,412,809**	115,747,424	**5,677,245**	5,170,276
Defined contribution plan	**4,759,778**	4,672,045	**490,065**	520,666
Defined benefit plan	**156,808**	209,692	-	-
Total employee benefit expenses	**128,329,395**	120,629,161	**6,167,310**	5,690,942

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

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company:				
Executive:				
Salaries, allowance and bonus	**2,445,336**	2,072,690	**2,445,336**	2,072,690
Defined contribution plan	**432,144**	365,200	**432,144**	365,200
Non-executive:				
Fee	**90,000**	90,000	**90,000**	90,000
Allowance	**27,000**	29,000	**27,000**	29,000
	2,994,480	2,556,890	**2,994,480**	2,556,890
Directors of subsidiaries:				
Executive:				
Salaries, allowance and bonus	**2,599,141**	2,119,357	**733,250**	674,870
Defined contribution plan	**254,745**	250,563	**87,993**	80,991
Benefits-in-kind	**13,384**	14,100	-	-
	2,867,270	2,384,020	**821,243**	755,861
	5,861,750	4,940,910	**3,815,723**	3,312,751

There are no key management personnel, other than 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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

8. TAX EXPENSE

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Current tax:				
Malaysia	**13,956,075**	10,867,644	**320,965**	194,664
Foreign	-	123,655	-	-
Deferred tax:				
Origination and reversal of temporary differences (Note 16)	**650,453**	1,774,647	-	-
	14,606,528	12,765,946	**320,965**	194,664
Under/(Over)provision in prior years:				
Current tax	**1,647,369**	(2,333,663)	**243**	-
Deferred tax (Note 16)	**(356,000)**	1,598,819	-	-
	15,897,897	12,031,102	**321,208**	194,664

The reconciliation of the tax expense of the Group and of the Company are as follows:

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Profit before tax	**89,469,649**	82,061,638	**27,872,067**	28,369,315
Income tax at Malaysian tax rate of 24% (2022: 24%)	**21,472,716**	19,694,793	**6,689,296**	6,808,636
Effect of tax rates in foreign jurisdictions	-	(48,984)	-	-
Effect of expenses that are not deductible in determining taxable profit	**1,686,691**	1,403,418	**123,683**	194,664
Effect of income that are not taxable in determining taxable profit	**(1,069,991)**	(1,651,999)	**(6,492,014)**	(6,808,636)
Utilisation of reinvestment allowances	**(2,010,438)**	(6,631,282)	-	-
Utilisation of green investment tax allowance	**(5,472,450)**	-	-	-
	14,606,528	12,765,946	**320,965**	194,664
Under/(Over)provision in prior years:				
Current tax	**1,647,369**	(2,333,663)	**243**	-
Deferred tax	**(356,000)**	1,598,819	-	-
	15,897,897	12,031,102	**321,208**	194,664

A subsidiary in Thailand was 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 was 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 was derived from non-qualifying investment promotion incentive, tax was charged at 20%. The investment promotion incentive will expire on Oct 9, 2025. The corporate tax rate applicable upon expiry of the investment promotion incentive is 20%.

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	
	2023	2022
Profit for the year attributable to owners of the Company (RM)	**73,571,752**	70,030,536
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (units)	**384,041,985**	384,041,985
Basic earnings per ordinary share (sen)	**19.16**	18.24

Diluted earnings per ordinary share

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

10. **PROPERTY, PLANT AND EQUIPMENT**

The Group

Cost	Freehold land RM	Buildings and structures RM	Plant and machineries RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Computer and software RM	Capital work in progress RM	Total RM
2023:										
At cost										
Balance at beginning	**838,665**	**68,667,546**	**235,749,823**	**21,796,465**	**4,254,309**	**3,069,879**	**2,813,619**	**597,552**	**27,996,297**	**365,784,155**
Additions	-	**15,456,518**	**12,833,785**	**2,842,806**	**215,357**	**2,886**	**328,808**	**382,497**	**13,174,087**	**45,236,744**
Disposals/write offs	-	**(10,091)**	**(1,418,494)**	**(1,177,365)**	**(45,127)**	-	**(130,397)**	-	**(65,696)**	**(2,847,170)**
Reclassification	**305,524**	**1,536,100**	-	-	**20,659**	-	-	-	**(1,862,283)**	-
Effects of movements in exchange rates	**51,182**	**51,145**	**354,954**	**3,340**	**48,930**	**33,347**	**31,125**	-	**85,055**	**659,078**
Balance at end	**1,195,371**	**85,701,218**	**247,520,068**	**23,465,246**	**4,494,128**	**3,106,112**	**3,043,155**	**980,049**	**39,327,460**	**408,832,807**
Accumulated depreciation										
Balance at beginning	-	19,734,168	158,077,216	15,160,535	4,038,543	2,408,517	2,265,514	88,616	-	201,773,109
Charge for the year	-	3,317,213	14,786,261	2,533,803	177,861	236,736	206,265	125,427	-	21,383,566
Disposals/write offs	-	(1,850)	(1,103,179)	(279,635)	(44,109)	-	(130,396)	-	-	(1,559,169)
Effects of movements in exchange rates	-	11,207	206,333	3,578	42,211	22,402	28,311	-	-	314,042
Balance at end	-	23,060,738	171,966,631	17,418,281	4,214,506	2,667,655	2,369,694	214,043	-	221,911,548
Carrying amount	1,195,371	62,640,480	75,553,437	6,046,965	279,622	438,457	673,461	766,006	39,327,460	186,921,259

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

The Group

Cost	Freehold land RM	Buildings and structures RM	Plant and machineries RM	Production tools and equipment RM	Furniture, fixtures and office equipment RM	Mechanical and electrical installation RM	Motor vehicles RM	Computer and software RM	Capital work in progress RM	Total RM
2022:										
At cost										
Balance at beginning	820,110	49,276,803	194,464,209	18,258,151	4,165,349	3,030,262	2,634,608	207,956	32,604,481	305,461,929
Additions	-	3,185,931	30,426,623	3,555,130	68,387	25,500	370,477	389,596	8,653,648	46,675,292
Disposals/write offs	-	-	(2,392,185)	(17,000)	-	-	(204,473)	-	(95,105)	(2,708,763)
Transfer from investment properties		16,121,789	-	-	-	-	-	-	-	16,121,789
Reclassification	-	68,000	13,098,829	-	-	-	-	-	(13,166,829)	-
Effects of movements in exchange rates	18,555	15,023	152,347	184	20,573	14,117	13,007	-	102	233,908
Balance at end	838,665	68,667,546	235,749,823	21,796,645	4,254,309	3,069,879	2,813,619	597,552	27,996,297	365,784,155
Accumulated depreciation										
Balance at beginning	-	17,021,923	142,172,685	13,467,744	3,785,801	2,171,026	2,294,252	12,773	-	180,926,204
Charge for the year	-	2,705,115	18,216,777	1,691,702	234,701	229,445	163,891	75,843	-	23,319,880
Disposals/write offs	-	-	(2,392,163)	-	-	-	(204.470)	-	-	(2,596,633)
Effects of movements in exchange rates	-	4,130	80,517	1,089	18,035	8,046	11,841	-	-	123,658
Balance at end	-	19,734,168	158,077,216	15,160,535	4,038,543	2,408,517	2,265,514	88,616	-	201,773,109
Carrying amount	838,665	48,933,378	77,672,607	6,635,930	215,766	661,362	548,105	508,936	27,996,297	164,011,046

The carrying amount of the Group's freehold land and building charged to licensed banks as securities for banking facilities granted to the Group (as disclosed in Note 26) amounted to RM2,354,348 (2022: RM1,361,906).

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

11. INVESTMENT PROPERTIES

	The Group	
	2023 RM	2022 RM
At fair value		
Balance at beginning	**21,506,923**	47,432,563
Change in fair value recognised in profit or loss	**350,000**	580,000
Transfer to property, plant and equipment	-	(16,121,789)
Transfer to right-of-use assets	-	(10,478,211)
Effects of movements in exchange rates	**222,423**	94,360
Balance at end	**22,079,346**	21,506,923
The investment properties are represented by:		
Freehold land and buildings	**4,529,346**	4,306,923
Leasehold land and buildings	**17,550,000**	17,200,000
	22,079,346	21,506,923

During the previous financial year, the Group had transferred certain leasehold land and buildings previously classified as investment properties to property, plant and equipment or right-of-use assets as the purpose of the leasehold land and buildings were changed such that they were used in the production or supply of goods and/or for administrative purposes.

The carrying amount of the Group's investment properties charged to a licensed bank as securities for banking facilities granted to the Group (as disclosed in Note 26) amounted to RM4,529,346 (2022: RM4,306,923).

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:

	The Group	
	2023 RM	2022 RM
Rental income from investment properties	**2,400,825**	4,488,968
Direct operating expenses:		
Income generating investment properties	**162,232**	283,654

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

	The Group	
	2023 RM	2022 RM
Not later than one year	**2,281,992**	2,457,671
Later than one year and not later than five years	**506,736**	293,061
	2,788,728	2,750,732

11. INVESTMENT PROPERTIES (CONT'D)

Fair value measurement information

Fair value of investment properties are categorised as follows:

	The Group Level 3 2023 RM	The Group Level 3 2022 RM
Freehold land and buildings	**4,529,346**	4,306,923
Leasehold land and buildings	**17,550,000**	17,200,000
	22,079,346	21,506,923

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 2023	Significant unobservable inputs 2022	Inter-relationship between significant used unobservable inputs fair value measurement RM
Comparison method of valuation: Comparing the subject site with similar industrial lands and industrial buildings 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 (RM33-RM57)	Price per square foot (RM33-RM56)	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, 2023, the fair value of the Group's investment properties have been arrived at on the basis of a valuation carried out on January 29, 2024 by independent valuers, 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 reports from the valuation company.

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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

12. RIGHT-OF-USE ASSETS

	The Group 2023 RM	The Group 2022 RM
Leasehold land		
At cost		
Balance at beginning	**27,375,009**	16,896,798
Transfer from investment properties	**-**	10,478,211
Balance at end	**27,375,009**	27,375,009
Accumulated amortisation		
Balance at beginning	**4,628,851**	3,831,986
Charge for the year	**1,016,097**	796,865
Balance at end	**5,644,948**	4,628,851
Carrying amount	**21,730,061**	22,746,158

Leasehold land of the Group is with unexpired lease period of ranging between 12 to 28 years (2022: 13 to 29 years).

13. INVESTMENT IN SUBSIDIARIES

	The Company 2023 RM	The Company 2022 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 (%) 2023	Proportion of ownership interest (%) 2022	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 andmanufacture of fixed and handheld barcode readers ad its related sub-assembly
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 for computer, communication and consumer electronics industry

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of companies	Country of incorporation and operation	Proportion of ownership interest (%) 2023	2022	Principal activities
Indirectly held through Pan-International Electronics (Malaysia) Sdn. Bhd.:				
Pan-International Corporation (S) Pte. Ltd.*	Singapore	**N/A**	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

On February 24, 2023, an unrelated company subscribed to 233,334 newly issued ordinary shares of Pan-International Corporation (S) Pte. Ltd. ("PIS") at an issue price of SGD1.30 per ordinary share for a total cost of SGD303,335 (equivalent to RM1,057,729) in cash. The shareholding of the Company's subsidiary, Pan-International Electronics (Malaysia) Sdn. Bhd. ("PIESB") in PIS was reduced from 100% to 30% and subsequent to this, PIS was no longer a subsidiary of PIESB and became an associate company instead.

The deemed disposal of PIS resulted in a loss of RM155,825 recognised in profit or loss, a net cash outflow of RM175,686 and net assets disposed of RM330,825 to the Group.

14. INVESTMENT IN ASSOCIATES

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Unquoted shares, at cost	**25,000**	25,000	**25,000**	25,000
Deemed disposal of a subsidiary	**175,000**	-	-	-
Share of post-acquisition reserves	**(34,850)**	(25,000)	-	-
	165,150	-	**25,000**	25,000

Details of the associates are as follows:

Name of companies	Country of incorporation and operation	Proportion of ownership interest (%) 2023	2022	Principal activities
Held by the Company:				
I2 Skyway Sdn. Bhd.*	Malaysia	**49**	49	Dormant
Indirectly held through Pan-International Electronics (Malaysia) Sdn. Bhd.:				
Pan-International Corporation (S) Pte. Ltd.*	Singapore	**30**	N/A	Marketing and trading of electronic and telecommunication components and equipment

* Not audited by Deloitte PLT

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

14. INVESTMENT IN ASSOCIATES (CONT'D)

Deemed disposal of a subsidiary relates to the deemed disposal of PIS as disclosed in Note 13.

The following table summarises the information of the Group's 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	
	2023 RM	2022 RM
I2 Skyway Sdn. Bhd.		
As at December 31		
Non-current assets	-	38
Current assets	**5,328**	14,693
Current liabilities	-	(105,620)
Net liabilities	**5,328**	(90,889)
Year ended December 31		
Profit from continuing operations	**3,806**	631
Pan- International Corporation (S) Pte. Ltd.		
As at December 31		
Current assets	**1,409,891**	-
Current liabilities	**(60,163)**	-
Net Assets	**1,349,728**	-
Year ended December 31		
Loss from continuing operations	**43,238**	-

15. GOODWILL ON CONSOLIDATION

The Group

	2023 RM	2022 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 1% (2022: 1%) and a pre-tax discount rate of 11.9% (2022: 10.30%) 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 carrying amount to exceed the recoverable amount of the cash-generating unit.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance at beginning	**(9,466,103)**	(6,101,341)	**827,120**	827,120
Recognised in profit or loss (Note 8)	**(650,453)**	(1,774,648)	**-**	-
Recognised in other comprehensive income	**(116,379)**	-	**-**	-
Effects of movements in exchange rates	**22,403**	8,705	**-**	-
	(10,210,532)	(7,867,284)	**827,120**	827,120
Over/(Under)provision in prior year (Note 8)	**356,000**	(1,598,819)	**-**	-
	(9,854,532)	(9,466,103)	**827,120**	827,120

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	**1,216,613**	1,216,491	**827,120**	827,120
Deferred tax liabilities	**(11,071,145)**	(10,682,594)	**-**	-
	(9,854,532)	(9,466,103)	**827,120**	827,120

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				
2023				
Deferred tax assets				
Other deductible temporary difference	**7,450,857**	**(1,795,510)**	**19,632**	**5,674,979**
Deferred tax liabilities				
Property, plant and equipment	**(16,916,960)**	**1,387,449**	**-**	**(15,529,511)**
Net	**(9,466,103)**	**(408,061)**	**19,632**	**(9,854,532)**
The Group				
2022				
Deferred tax assets				
Unused tax losses	294,437	(294,437)	-	-
Other deductible temporary difference	4,160,628	3,281,524	8,705	7,450,857
	4,455,065	2,987,087	8,705	7,450,857
Deferred tax liabilities				
Property, plant and equipment	(10,556,406)	(6,360,554)	-	(16,916,960)
Net	(6,101,341)	(3,373,467)	8,705	(9,466,103)

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

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				
2023				
Deferred tax assets				
Other deductible temporary difference	**827,120**	-	-	**827,120**
2022				
Deferred tax assets				
Unused tax losses	294,437	(294,437)	-	-
Other deductible temporary difference	532,683	294,437	-	827,120
Net	827,120	-	-	827,120

Certain deferred tax assets and deferred tax liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offsetting):

	The Group 2023 RM	The Group 2022 RM
Deferred tax assets (before offsetting)	**5,674,979**	7,450,857
Offsetting	**(4,458,366)**	(6,234,366)
Deferred tax assets (after offsetting)	**1,216,613**	1,216,491

	The Group 2023 RM	The Group 2022 RM
Deferred tax liabilities (before offsetting)	**(15,529,511)**	(16,916,960)
Offsetting	**4,458,366**	6,234,366
Deferred tax liabilities (after offsetting)	**(11,071,145)**	(10,682,594)

17. INVENTORIES

	The Group 2023 RM	The Group 2022 RM
Raw materials	**140,302,677**	149,668,698
Work-in-progress	**80,461,688**	75,760,672
Finished goods	**34,580,916**	42,720,892
Goods-in-transit	**22,308,956**	19,647,514
	277,654,237	287,797,776

17. INVENTORIES (CONT'D)

	The Group	
	2023	2022
	RM	RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	**1,131,397,000**	1,070,368,509
Inventories written down/(Reversal of inventories written down), net	**1,639,910**	(2,864,568)

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade				
Third parties	**175,376,744**	211,316,926	-	-
Less: Provision for expected credit loss	**(338,746)**	(451,381)	-	-
	175,037,998	210,865,545	-	-
Related parties	**143,490,942**	114,765,175	-	-
Ultimate holding company	**2,264,016**	2,396,396	-	-
	320,792,956	328,027,116	-	-
Non-trade				
Amount owing by subsidiaries	-	-	**21,624,421**	21,504,421
Other receivables	**488,774**	969,632	-	-
Deposits	**382,883**	378,033	**2,000**	2,000
Prepayments	**9,079,911**	6,609,462	**11,030**	13,398
Goods and Services Tax ("GST") recoverable	-	26,920	-	-
	9,951,568	7,984,047	**21,637,451**	21,519,819
	330,744,524	336,011,163	**21,637,451**	21,519,819

The normal credit terms granted on the trade receivables balances range of the Group from 30 to 120 days (2022: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The trade amount due from related parties and ultimate holding company are subject to normal trade terms. Related parties refer to entities within the Pan-International Industrial Corp group of companies.

Included in non-trade amount owing by subsidiaries of the Company is dividend receivable amounting to RM10.5 million (2022: RM10.5 million) owing from a subsidiary. The remaining balance 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 31.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

19. SHORT-TERM INVESTMENTS

	The Group and the Company 2023 RM	2022 RM
Financial assets at fair value through profit or loss		
Investment in unit trusts	**1,576,666**	1,471,410

The effective interest rate for the short-term investments are 1.90% to 2.70% (2022: 1.10% to 2.70%) 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	**33,934,244**	43,529,664	**376,067**	322,601
Fixed deposits with licensed banks	**13,921,347**	13,646,468	-	-
Short-term money market deposits	**15,000,000**	6,000,000	-	-
	62,855,591	63,176,132	**376,067**	322,601
Less: Cash and bank balances pledged	**(537,600)**	(511,200)	-	-
	62,317,991	62,664,932	**376,067**	322,601

Included in the Group's cash and bank balances is RM537,600 (2022: RM511,200) pledged to licensed banks as securities for banking facilities granted to the Group (as disclosed in Note 26).

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 2.25% to 3.40% (2022: 1.30% to 3.00%) per annum and 1 to 3 months (2022: 1 month) 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 is at 2.75% to 3.00% (2022: 2.30%) per annum and 1 month (2022: 1 month) respectively.

21. SHARE CAPITAL

	2023		2022	
	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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-distributable:				
Foreign currency translation reserve	**13,877,354**	12,703,536	-	-
Revaluation reserve	**2,659,578**	2,659,578	-	-
Merger reserve	-	-	**16,408,221**	16,408,221
	16,536,932	15,363,114	**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 subsidiary companies' financial statements. Exchange differences relates 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.

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

The entire retained earnings of the Company as of December 31, 2023 is available for the distribution as single-tier dividends to the shareholders of the Company.

As at December 31, 2023, the Company has tax exempt profits available for distribution of RM60,357,187 (2022: RM60,357,187), subject to the agreement of the Inland Revenue Board.

24. RETIREMENT BENEFIT OBLIGATIONS

	The Group	
	2023	2022
	RM	RM
Present value of retirement benefit obligations, representing net liabilities	**1,699,371**	2,060,381
Analysed as:		
Non-current	**1,699,371**	2,060,381

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	The Group	
	2023	2022
	RM	RM
Current services costs	**156,808**	187,482
Interest costs	**-**	22,210
	156,808	209,692

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

	The Group	
	2023	2022
	RM	RM
Balance at beginning	**2,060,381**	1,806,216
Recognised in the profit or loss:		
Employee benefit expense	**156,808**	209,692
Amount recognized in other comprehensive income:		
Remeasurement gains	**(581,897)**	-
Benefit paid	**(45,052)**	-
Effects of movements in exchange rates	**109,131**	44,473
	1,699,371	2,060,381

The principle actuarial assumptions used are as follows:

	The Group	
	2023	2022
Discount rate	**2.52%**	2.52%
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			
	2023		2022	
	%	RM	%	RM
Discount rate increase	**1**	**(71,553)**	1	(121,496)
Discount rate decrease	**(1)**	**80,171**	(1)	138,143
Long-term salary increment rate increase	**1**	**101,448**	1	188,493
Long term salary increment rate decrease	**(1)**	**(91,745)**	(1)	(166,899)

The average duration of the defined benefit plan obligation at the end of the reporting period is 12 years (2022: 12 years).

25. TRADE AND OTHER PAYABLES

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Trade				
Third parties	**95,827,851**	102,914,070	-	-
Amount due to ultimate holding company	**546,330**	-	-	-
Related parties	**92,319,327**	76,875,022	-	-
	188,693,508	179,789,092	-	-
Non-trade				
Amount due to ultimate holding company	-	851,358	-	-
Other payables	**11,802,464**	19,643,087	**5,740**	-
Accruals	**18,067,329**	25,743,881	**3,703,645**	3,280,159
	29,869,793	46,238,326	**3,709,385**	3,280,159
	218,563,301	226,027,418	**3,709,385**	3,280,159

The normal credit terms granted on the trade payables balances range from 30 to 90 days (2022: 30 to 90 days).

The normal credit terms granted on the amounts due to related parties balances are 30 days (2022: 30 days).

The normal credit terms granted on the amount due to ultimate holding company is 60 days (2022: N/A). In the previous financial year, the non-trade amount due to the ultimate holding company is mainly advances which are unsecured, non-interest bearing and repayable on demand.

26. BORROWINGS

	The Group 2023 RM	The Group 2022 RM
Current liabilities		
Multi-currency trade loan	**41,634,000**	72,359,000
Revolving credit	**25,905,600**	22,140,000
Onshore foreign currency loan	-	11,070,000
	67,539,600	105,569,000

The effective interest rates per annum are as follows:

	2023 %	2022 %
Multi-currency trade loan	**5.85**	4.93
Revolving credit	**5.76**	2.41 – 3.28
Onshore foreign currency loan	-	4.85

These banking facilities are secured by legal charges over the freehold land and building (as disclosed in Note 10) amounting to RM2,354,348 (2022: RM1,361,906), investment properties (as disclosed in Note 11) amounting to RM4,529,346 (2022: RM4,306,923), cash and bank balances (as disclosed in Note 20) amounting to RM537,600 (2022: RM511,200) of the Group and corporate guarantee by the Company.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

27. DIVIDENDS

	The Group and the Company 2023 RM	2022 RM
In respect of the financial year ended December 31, 2023:		
Single tier interim dividend of RM0.05 per share	**19,202,099**	-
Special single tier interim dividend of RM0.02 per share	**7,680,840**	-
In respect of the financial year ended December 31, 2022:		
Single tier interim dividend of RM0.05 per share	-	19,202,099
Special single tier interim dividend of RM0.02 per share	-	7,680,840
	26,882,939	26,882,939

The directors do not recommend the payment of any final dividend in respect of the current financial year.

28. 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 2023 RM	2022 RM	The Company 2023 RM	2022 RM
With subsidiaries:				
Management fees received	-	-	**7,200,000**	7,200,000
Dividend received	-	-	**27,000,000**	27,000,000
With ultimate holding company:				
Sales to	**6,140,917**	9,335,456	-	-
Purchases from	**2,519,832**	5,035,083	-	-
With immediate holding company:				
Dividend paid	**13,822,199**	13,822,199	**13,822,199**	13,822,199
With related parties:				
Sales to:				
Sharp North Malaysia Sdn. Bhd.	**464,360,817**	302,900,371		
Sharp Appliances (Thailand) Co., Ltd	**3,246,576**	4,101,861		
Hon Hai Precision Industries Co., Ltd.	**7,366,931**	8,762,121	-	-
Pan-International Corporation (S) Pte. Ltd.	**128,843**	-		
Pan-International Precision Electronics Co Ltd.	**99,017**	114,247	-	-
Foxconn Technology Co., Ltd	**9,916**	9,599	-	-
Purchases from:				
Foxconn Technology Co., Ltd	**335,683,120**	192,524,637	-	-
Hon Hai Precision Industries Co., Ltd.	**60,272,029**	45,979,173	-	-
Pan-International Corporation (S) Pte. Ltd.	**868,293**	-		
Futaihua Co. Ltd.	**244,014**	724,613	-	-
Foxconn Interconnect Technology Singapore Pte. Ltd.	**96,568**	142,123	-	-
Purchase of machinery and equipment from:				
Pan-International Industrial Corp.	**830**	33,088	-	-

28. RELATED PARTY TRANSACTIONS (CONT'D)

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.

29. CAPITAL COMMITMENTS

	The Group	
	2023 RM	2022 RM
Contracted and not provided for:		
Property plant and equipment	**27,353,259**	9,888,647

30. 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 for 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.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

30. 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
2023					
Revenue					
External revenue	**1,216,893,276**	**19,534**	**3,249**	**-**	**1,216,916,059**
Inter-segment revenue	**28,752,642**	**361,368**	**34,200,000**	**(63,314,010)**	**-**
Total revenue	**1,245,645,918**	**380,902**	**34,203,249**	**(63,314,010)**	**1,216,916,059**
Results					
Segment profit/(loss)	**87,511,827**	**(23,554)**	**27,872,067**	**(28,273,529)**	**87,086,811**
Rental income					**2,400,825**
Interest income					**2,684,838**
Interest expense					**(2,702,825)**
Profit before tax					**89,469,649**
Income tax expense					**(15,897,897)**
Profit for the year					**73,571,752**
2022					
Revenue					
External revenue	1,165,125,479	150,717	1,772	-	1,165,277,968
Inter-segment revenue	36,810,325	1,960,940	34,200,000	(72,971,265)	-
Total revenue	1,201,935,804	2,111,657	34,201,772	(72,971,265)	1,165,277,968
Results					
Segment profit/(loss)	77,336,946	(51,738)	28,369,316	(27,152,990)	78,501,534
Rental income					4,488,968
Interest income					474,088
Interest expense					(1,402,952)
Profit before tax					82,061,638
Income tax expense					(12,031,102)
Profit for the year					70,030,536

30. OPERATING SEGMENTS (CONT'D)

Segment assets and liabilities

	Manufacturing of industrial products RM	Trading of electronics materials RM	Investment holding RM	Total RM
2023				
Assets				
Segment assets	**415,289,573**	**163,574**	**2,113,129**	**417,566,276**
Income producing assets	**486,305,557**	-	-	**486,305,557**
Current and deferred tax assets				**3,185,601**
Investment in unit trusts				**1,576,666**
Total assets				**908,634,100**
2022				
Assets				
Segment assets	418,395,894	1,860,324	2,159,665	422,415,883
Income producing assets	474,554,980	-	-	474,554,980
Current and deferred tax assets				8,419,952
Investment in unit trusts				1,471,410
Total assets				906,862,225

Other segment information

	Manufacturing of industrial products RM	Trading of electronics materials RM	Investment holding RM	Total RM
2023				
Other information				
Additions to non-current assets	**45,236,744**	-	-	**45,236,744**
Depreciation of property, plant and equipment and right-of-use assets	**22,399,663**	-	-	**22,399,663**
Interest expense	**2,702,825**	-	-	**2,702,825**
Interest income	**2,684,838**	-	-	**2,684,838**
Inventories written down, net	**1,639,910**	-	-	**1,639,910**
Unrealised loss/(gain) on foreign exchange, net	**1,284,657**	**(3,317)**	**(46,811)**	**1,234,529**
Fair value gain on investment properties	**350,000**	-	-	**350,000**
Loss on disposal of property, plant and equipment	**56,694**	-	-	**56,694**
Reversal of provision for expected credit loss of trade receivables, net	**(117,388)**			**(117,388)**
Fair value gain on financial asset at fair value through profit or loss	-	-	**55,341**	**55,341**

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

30. OPERATING SEGMENTS (CONT'D)

Other segment information (Cont'd)

	Manufacturing of industrial products RM	Trading of electronics materials RM	Investment holding RM	Total RM
2022				
Other information				
Additions to non-current assets	65,978,979	-	-	65,978,979
Depreciation of property, plant and equipment and right-of-use assets	24,116,745	-	-	24,116,745
Unrealised loss/(gain) on foreign exchange, net	10,215,669	-	(62,072)	10,153,597
Reversal of inventories written down, net	2,864,568	-	-	2,864,568
Interest expense	1,402,952	-	-	1,402,952
Fair value gain on investment properties	580,000	-	-	580,000
Interest income	474,088	-	-	474,088
Gain on disposal of property, plant and equipment	393,569	-	-	393,569
Provision/(reversal of provision) for expected credit loss of trade receivables, net	160,551	(979)	-	159,572
Fair value gain on financial asset at fair value through profit or loss	-	-	18,127	18,127

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
2023		
Malaysia	**750,851,784**	**216,957,074**
United States of America	**180,405,630**	-
Other Asia Pacific countries	**194,768,693**	**13,773,592**
Europe countries	**90,863,024**	-
Africa	**26,928**	-
	1,216,916,059	**230,730,666**
2022		
Malaysia	612,155,368	203,220,731
United States of America	218,277,184	-
Other Asia Pacific countries	220,656,542	5,043,396
Europe countries	114,188,874	-
	1,165,277,968	208,264,127

30. 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 2023 RM	Revenue 2022 RM	Segments
Customer A	**464,360,817**	302,900,371	Manufacturing of industrial products
Customer B	**163,041,109**	202,958,717	Manufacturing of industrial products
Customer C	**112,200,257**	108,870,805	Manufacturing of industrial products
	739,602,183	614,729,893	

31. 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 2022.

b. Categories of financial instruments

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Financial assets				
At amortised cost:				
Trade and other receivables, excluding prepayments and GST recoverable	**321,664,613**	329,374,779	**21,626,421**	21,506,421
Cash and cash equivalents	**62,855,591**	63,176,132	**376,067**	322,601
At fair value through profit or loss:				
Short-term investments	**1,576,666**	1,471,410	**1,576,666**	1,471,410
Financial liabilities				
At amortised cost:				
Trade and other payables	**218,563,301**	226,027,418	**3,709,385**	3,280,159
Borrowings	**67,539,600**	105,569,000	-	-
Retirement benefit obligations - non-current	**1,699,371**	2,060,381	-	-

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 minimize 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 directors for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

31. FINANCIAL INSTRUMENTS (CONT'D)

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

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 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Assets				
United States Dollars	**314,376,034**	322,120,374	**1,259,874**	1,165,610
Euro	**16,169,200**	11,365,933	-	-
Singapore Dollars	**984,969**	1,022,165	-	-
Others	**557,322**	575,273	-	-
Liabilities				
United States Dollars	**233,571,272**	215,362,914	-	-
Euro	**575,058**	13,172,391	-	-
Singapore Dollars	-	11,933	-	-
Others	**157,859**	608,509	-	-

The following table details the Group's and the Company's sensitivity to a 10% (2022: 10%) strengthening of the RM against the relevant foreign currencies. 10% (2022: 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% (2022: 10%) change in foreign currency rates. A positive number below indicates an increase in profit net of tax (2022: an increase in profit net of tax) and a negative number indicates a decrease in profit net of tax (2022: a decrease in profit net of tax) where the RM strengthens 10% (2022: 10%) against the relevant currency. For a 10% (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Impact on profit or loss				
United States Dollar	**(8,080,476)**	(10,675,746)	**(125,987)**	(116,561)
Euro	**(1,559,414)**	180,646	-	-
Singapore Dollar	**(98,497)**	(101,023)	-	-
Others	**(39,946)**	3,324	-	-

31. FINANCIAL INSTRUMENTS (CONT'D)

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

iii. Credit risk management

Credit risk refers to the risk that a third party 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 third party 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.

Third party 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 70% (2022: 67%) of the Group's third party trade receivables were due from 3 (2022: 3) 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.

(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 third party trade receivables only. The ageing of third party trade receivables of the Group as at the end of the reporting period is as follows:

	Gross RM	Loss allowance RM	Net RM
2023			
Not past due	**138,249,418**	-	**138,249,418**
1 to 30 days past due	**30,495,655**	-	**30,495,655**
31 to 60 days past due	**5,761,871**	**(194,322)**	**5,567,549**
61 to 90 days past due	**217,180**	**(15,692)**	**201,488**
Past due more than 90 days	**652,620**	**(128,732)**	**523,888**
	175,376,744	**(338,746)**	**175,037,998**
2022			
Not past due	156,055,717	(106,904)	155,948,813
1 to 30 days past due	32,394,992	(223,346)	32,171,646
31 to 60 days past due	21,462,224	(1,165)	21,461,059
61 to 90 days past due	955,278	(20,377)	934,901
Past due more than 90 days	448,715	(99,589)	349,126
	211,316,926	(451,381)	210,865,545

The ECL allowance is calculated based on expected loss rate ranging from 0.3% to 100% (2022: 0.3% to 100%).

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Ageing analysis – maximum exposure to credit risk (Cont'd)

The provision for expected credit loss of trade receivables as at December 31, 2023 reconciles to the opening loss allowance for that provision as follows:

	2023 RM	2022 RM
At January 1	**451,381**	289,585
Provision for expected credit loss, net	-	277,617
Reversal of provision for expected credit loss, net	**(117,389)**	(118,045)
Effects of movements in foreign exchange rates	**4,754**	2,224
At December 31	**338,746**	451,381

(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 RM248,242,000 (2022: RM252,746,000). The maximum exposure to credit risk is RM71,071,176 (2022: RM108,597,328) 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, short-term money market deposits placed with licensed banks and bank borrowings are exposed to a risk of change in their fair value 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 2023 RM	 2022 RM
Fixed rate instruments		
Fixed deposits with licensed banks	**13,921,347**	13,646,468
Short-term money market deposits	**15,000,000**	6,000,000
Borrowings	**67,539,600**	105,569,000

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.

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and Company's funding and liquidity management requirements. 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 seek to align the maturity profile of its financial obligations with its forecasted cash flow generation. Furthermore, strong cost and cash management policies are in place to preserve cash and protect the Group's and the Company's liquidity.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial guarantees – risk management objectives, policies and processes for managing the risk (Cont'd)

v. Liquidity risk management (Cont'd)

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Not later than 1 year				
Trade and other payables	**218,563,301**	226,027,418	**3,709,385**	3,280,159
Borrowings	**67,539,600**	105,569,000	-	-
Financial guarantee contracts*	**71,071,176**	108,597,328	-	-
Later than one year and not later than five years				
Retirement benefit obligations	**1,699,371**	2,060,381	-	-

* The carrying amount of financial guarantee contracts as at the reporting date is RM Nil (2022: RM Nil) as there was no indication that the subsidiaries would default on repayment. The disclosure represents the maximum amount that is required to be settled in the event that the subsidiaries default on the banking facilities granted.

All 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 Group and 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	
	2023 RM	2022 RM
Investment in unit trusts	**1,576,666**	1,471,410

Notes To The Financial Statements (Cont'd)
For The Year Ended December 31, 2023

31. 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 term maturity of these financial instruments.

32. MATERIAL LITIGATION

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

In 2015, a subsidiary of the Company, 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.

In the same year, 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 withdrew the blacklisting of all directors with the condition that PIESB remit a payment of 20% of the disputed sum (amounting to RM1,854,725) and placed a bank guarantee with the RMC for the remaining sum. PIESB had complied with the instructions of the RMC without prejudice.

The RMC then had not filed any suit against PIESB for the above said claim. PIESB had filed an appeal with the Malaysia Ministry of Finance ("MOF") regarding the alleged unpaid import duties and sales tax of which its application was verbally rejected by the MOF on October 31, 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 June 24, 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. In December 2022, an additional payment of RM741,889 was made by PIESB based on a notice of demand received from the RMC.

Due to certain changes in the policy making in the MOF resulting from the change in government in 2022, PIESB was requested to resubmit another new letter of appeal to the MOF. This new letter of appeal was submitted to the MOF on February 27, 2023.

The MOF on May 22, 2023 rejected PIESB's new letter of appeal and instructed PIESB to bring the appeal up to the court. As such, PIESB engaged its solicitors to file a judicial review against the MOF and the RCM in relation to the above matter.

32. MATERIAL LITIGATION (CONT'D)

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

On February 19, 2024, the High Court of Penang ruled in favour of PIESB and set aside the demand letters received by PIESB from the RMC in 2015. As the decision of the High Court of Penang is consistent with PIESB's assessment of its chances of success made in prior years, no adjustments are required to be made to the financial statements of the Group as at reporting date.

33. SUBSEQUENT EVENTS

(a) Changes in shareholding – Pan International Electronics (Thailand) Co. Ltd. ("PIT")

On January 12, 2024, the Group's ultimate holding company, Pan-International Industrial Corp. subscribed to 4,090,900 newly issued ordinary shares of PIT at an issue price of THB50 per ordinary share for a total cost of THB204,545,000 in cash. The shareholding of the Group, P.I.E. Industrial Berhad ("PIB") in PIT was reduced from 100% to 55% subsequent to this.

(b) Indirect tax dispute with the RMC

Refer to disclosure in Note 32.

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, 2023 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

March 13, 2024

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

GEORGETOWN in the State of **PENANG**

on March 13, 2024

Before me,

COMMISSIONER FOR OATHS

Analysis of Shareholdings

SHARE CAPITAL AS AT 21 MARCH 2024

Total Number of Issued Shares	: 384,041,985
Class of Shares	: Ordinary Shares with equal voting rights
Number of Shareholders	: 3,491

DISTRIBUTION OF SHAREHOLDERS AS AT 21 MARCH 2024

Holdings	No. of Holders	Shareholding	%
1 - 99	22	195	0.00
100 - 1,000	672	476,955	0.12
1,001 - 10,000	1,887	9,076,100	2.36
10,001 - 100,000	749	22,477,203	5.85
100,001 - 19,202,098	159	134,700,647	35.08
19,202,099 and above	2	217,310,885	56.59
Total	3,491	384,041,985	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 21 MARCH 2024

	Name	Shareholdings	%
1	PAN GLOBAL HOLDING CO. LTD	197,459,985	51.42
2	WONG YOKE FONG @ WONG NYOK FING	17,468,200	4.55
3	LEMBAGA TABUNG HAJI	14,183,200	3.69
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	13,863,600	3.61
5	GOH THONG BENG	5,967,000	1.55
6	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	5,292,600	1.38
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	5,155,800	1.34
8	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	4,315,700	1.12
9	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE FONG @ WONG NYOK FING (M)	3,845,100	1.00
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	3,650,300	0.95
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC SELECT TREASURES EQUITY FUND	3,206,400	0.83
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (EASTSPRINGESG)	2,651,900	0.69
13	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNERS (TMEF)	2,601,500	0.68
14	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	2,550,000	0.66
15	CHUNG LEAN HWA	2,460,000	0.64
16	LEMBAGA TABUNG ANGKATAN TENTERA	2,452,000	0.64
17	WONG YOKE FONG @ WONG NYOK FING	2,135,500	0.56
18	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	2,114,000	0.55
19	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	1,826,600	0.48
20	LIM SOON HUAT	1,748,500	0.46
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	1,688,500	0.44

Analysis of Shareholdings (Cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 21 MARCH 2024 (CONT'D)

	Name	Shareholdings	%
22	WONG YOON TET	1,656,000	0.43
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	1,628,700	0.42
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (ACF-KENANGA-EQ)	1,539,000	0.40
25	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	1,425,000	0.37
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG GOAY SUAN	1,264,800	0.33
27	OUTSTANDING GROWTH TECHNOLOGY LIMITED	1,240,700	0.32
28	WONG YOON CHYUAN	1,195,000	0.31
29	MAK MEI LING	1,080,000	0.28
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	1,040,500	0.27

SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2024

	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 21 MARCH 2024

	Name	Direct Shareholding	%	Indirect Shareholding	%
1	Mui Chung Meng	10,000	0.003	2,460,000*	0.64
2	Wong Thai Sun	-	-	-	-
3	Lee Cheow Kooi	-	-	-	-
4	Koay San San	-	-	-	-
5	Lan, Kuo-Yi	-	-	-	-
6	Lim Chien Ch'eng	-	-	-	-
7	Huang, Yi-Ling	-	-	-	-

PERSONS CONNECTED TO DIRECTOR

	Name	Direct Shareholding	%	Indirect Shareholding	%
1	Chung Lean Hwa[1]	2,460,000	0.64	-	-

[1] *Being Spouse to a Director of the Company*
* *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 2023

Location/Title	Tenure	Approximate Area	Description	Net Book Value as at 31.12.2023 (RM)	Age of Building (Years)	Year of Acquisition (A)/ Revaluation (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: 4.0 acres Built up: 15,874 sq. meters	Industrial complex - 1 storey factory A - Annexed 2 storey office - 1 storey factory B - guard house and canteen - 1 unit 1 storey warehouse	21,556,484	33	2021 (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	17,550,000	33	2023 (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: 19,783 sq. meters	Industrial complex - 2 storey office - 1 storey factory - Annexed 3 storey production areas - 3 units 1 storey warehouse - Guardhouse and canteen	16,603,177	31	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: 4.0 acres Built up: 17,110 sq. meters	Industrial complex - 3 storey office - 2 storey factory complex - guard house	13,411,907	28	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	10,260,696	31	2021 (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	9,680,959	33	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	5,410,194	29	1990 (A) & 2021 (R)
H.S.(D) 46251, Plot 6, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang #	Leasehold – 60 years (expire on 12.12.2035)	Land: 4.0 acres	Land - Building under construction	4,599,935	47	2020 (A)

Top 10 Properties Owned by P.I.E. Industrial Berhad Group of Companies (Cont'd)
as at 31 December 2023

Location/Title	Tenure	Approximate Area	Description	Net Book Value as at 31.12.2023 (RM)	Age of Building (Years)	Year of Acquisition (A)/ Revaluation (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	2,763,936	34	2020 (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	1,765,411	33	2020 (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-SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT MEETING ROOM 2, LEVEL 1, IXORA HOTEL, JALAN BARU, BANDAR PERAI JAYA, 13600 PERAI, PULAU PINANG, MALAYSIA ON FRIDAY, 17 MAY 2024 AT 9.00 A.M. FOR THE FOLLOWING PURPOSES: -

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Reports of the Directors and of the Auditors thereon. (Please refer to Note A)

2. To approve the payment of Directors' Fees of up to RM90,000 for the financial year ended 31 December 2023. (Ordinary Resolution 1)

3. To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM40,800 from 1 June 2024 until the next Annual General Meeting (AGM) of the Company. (Ordinary Resolution 2)

4. To re-elect the following Directors retiring by rotation in accordance with the Company's Constitution and being eligible, have offered themselves for re-election:

   a) Mr Lim Chien Ch'eng – Article No. 102(1) (Ordinary Resolution 3)

   b) Mr Lan, Kuo-Yi – Article No. 102(1) (Ordinary Resolution 4)

   c) Ms Huang Yi-Ling – Article No. 107(2) (Ordinary Resolution 5)

5. To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions with or without modifications:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS** (Ordinary Resolution 7)

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (the "Act") and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being.

   THAT pursuant to Section 85(1) of the Act read together with Article 62(1) of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate.

   AND THAT the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

Notice of Annual General Meeting (Cont'd)

7. **AUTHORITY TO PURCHASE ITS OWN SHARES** (Ordinary Resolution 8)

"That subject to the Companies Act 2016, provisions of the Company's Constitution and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following: -

i. The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares in the ordinary share capital of the Company at any point in time;

ii. The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company. As at the latest financial year ended 31 December 2023, the audited retained profits of the Company stood at RM2,416,729;

iii. The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;

iv. Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner: -

- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividends to the shareholders and/or to resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and to enter into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluation, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act 2016, provisions of the Company's Constitution, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals.

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** (Ordinary Resolution 9)

"That, approval be and is hereby given for the purpose of Chapter 10 of Bursa Securities Main Market Listing Requirements 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-to-day operations as listed in Section 3 of the Circular to the shareholders dated 18 April 2024 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 ended 31 December 2024 ("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.

8. **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."

9. 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
Joint Company Secretaries

Penang
Date: 18 April 2024

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 8 May 2024. Only a depositor whose name appears on the Record of Depositors as at 8 May 2024 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.

Notice of Annual General Meeting (Cont'd)

Explanatory Note On Special Business:

1. **Ordinary Resolution 7 - Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of The Companies Act 2016 and Waiver of Pre-Emptive Rights**

   The proposed Ordinary Resolution 7 is for the purpose of granting a new and renewed general mandate (the "Mandate") and waiver of pre-emptive rights under Section 85(1) of the Act read together with Article 62(1) of the Company's Constitution, if passed, will give authority to the Directors to issue and allot shares up to ten per centum (10%) of the total number of issued shares of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier and will exclude the shareholders' pre-emptive rights over all new shares to be issued under the Mandate.

   The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

   As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors at the 26th AGM held on 19 May 2023 and which will lapse at the conclusion of the 27th AGM.

   Pursuant to Section 85(1) of the Act be read together with Article 62(1) of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Section 85(1) of the Act **Pre-Emptive Rights to New Shares**	Article 62(1) of the Company's Constitution **Allotment of shares / securities**
Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.	Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue be offered to such persons as at the date of the offer are entitled to received notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

2. **Ordinary Resolution 8 - Authority to Purchase its own Shares**

   The proposed Ordinary Resolution 8, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

3. **Ordinary Resolution 9 – Renewal of Proposed Shareholders' Mandate**

   The proposed Ordinary Resolution 9, 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 18 April 2024.

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)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Annual General Meeting of the Company for the details.

Share Buy-Back Statement

1. DISCLAIMER STATEMENT

This Share Buy-back Statement (Statement) is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (Bursa Securities) has not perused this Statement prior to its issuance, takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

2. RATIONALE FOR THE PROPOSED PURCHASED BY P.I.E. INDUSTRIAL BERHAD ("PIE" OR THE "COMPANY") OF ITS OWN ORDINARY SHARES (SHARES) REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES AT ANY GIVEN POINT IN TIME (PROPOSED SHARE BUY-BACK)

The Proposed Share Buy-Back, if exercised, would potentially benefit the Company and its shareholders as follows:

i) The Proposed Share Buy-Back would enable the Company to utilize its surplus financial resources to purchase Shares when appropriate, and at prices which the Board of Directors of the Company (the Board) view as favourable to the Company;

ii) The Proposed Share Buy-Back would effectively reduce the number of Shares carrying voting and participation rights (unless the Purchased Shares are resold on Bursa Securities or distributed as share dividends). Consequently, all else being equal, the Earnings Per Share (EPS) of the PIE Group (the Group) may be enhanced as the earnings of the Group would be divided by a reduced number of Shares; and

iii) The Purchased Shares which will be retained as treasury shares may potentially be resold on Bursa Securities at a higher price and therefore realizing a potential gain in reserves without affecting the total number of issued shares of the Company. The treasury shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.

3. RETAINED PROFITS

Based on the audited financial statements of PIE as at 31 December 2023, the retained profits of the Company stood at RM2,416,729. The maximum fund to be allocated by the Company for the purpose of Proposed Share Buy-Back shall not exceed the retained profits of the Company.

4. SOURCE OF FUNDING

The Proposed Share Buy-Back will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Share Buy-Back in view that the Company has net cash and cash equivalent balance of approximately RM376,067 based on the audited financial statements of PIE as at 31 December 2023. Any funds utilized by PIE for the Proposed Share Buy-Back will consequentially reduce the resources available to PIE for its operations by a corresponding amount for shares bought back.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER(S) AND PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and Major Shareholders of PIE nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of the treasury shares.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER(S) AND PERSONS CONNECTED TO THEM (CONT'D)

Based on the Register of Directors and the Register of Substantial Shareholders of PIE as at 21 March 2024 and assuming that PIE implements the Proposed Share Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Substantial Shareholders and Person Connected to Director of PIE are as follows:

Directors

	Existing as at 21 March 2024				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%*	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Lim Chien Ch'eng	-	-	-	-	-	-	-	-
Mui Chung Meng[2]	10,000	0.0026	2,460,000**	0.64	10,000	0.0029	2,460,000**	0.76
Lan, Kuo-Yi	-	-	-	-	-	-	-	-
Wong Thai Sun	-	-	-	-	-	-	-	-
Koay San San	-	-	-	-	-	-	-	-
Lee Cheow Kooi	-	-	-	-	-	-	-	-
Huang, Yi-Ling (Appointed w.e.f. 23 February 2024)	-	-	-	-	-	-	-	-

Substantial Shareholders

	Existing as at 21 March 2024				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%*	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Pan Global Holding Co. Ltd.	197,459,985	51.42	-	-	197,459,985	57.13	-	-
Pan-International Industrial Corporation	-	-	197,459,985[1]	51.42	-	-	197,459,985[1]	57.13

Person Connected To Director

	Existing as at 21 March 2024				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%*	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Chung Lean Hwa[2]	2,460,000	0.64	-	-	2,460,000	0.71	-	-

Note:
* Percentage shareholding computed based on 384,041,985 PIE Shares in issue
^ Percentage shareholding computed based on 345,637,787 PIE Shares assuming that the Proposed Share Buy-Back is carried out in full and all the shares so purchased are held as treasury shares
1 By virtue of its substantial interest in Pan Global Holding Co. Ltd.
2 Being Spouse of the Director
** Deemed interested pursuant to section 59(ii)(c) of the Companies Act 2016 via Spouse

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

6.1 Potential Advantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share-Buy Back are as set out in Section 2 of the Statement.

Share Buy-Back Statement (Cont'd)

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK (CONT'D)

6.2 Potential disadvantages of the Proposed Share Buy-Back

The potential disadvantages of the Proposed Share Buy-Back are as follows:

i) The Proposed Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forego better future investment or business opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments; and

ii) The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders of PIE in the immediate future.

However, the financial resources of the Group may increase pursuant to the resale of the Purchased Shares held as treasury shares at prices higher than the purchase price. In this connection, the Board will be mindful of the interests of the Group and shareholders of PIE in implementing the Proposed Share Buy-Back and in subsequent resale of the treasury shares on Bursa Securities, if any.

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The material financial effects of the Proposed Share Buy-Back on the share capital, consolidated Net Tangible Assets (NTA), working capital, earnings, dividends and the substantial shareholders' shareholdings in PIE are set out below:

7.1 Share Capital

As at 21 March 2024, the total number of issued shares was 384,041,985 Shares. In the event that the 38,404,198 Shares representing 10% of the total number of issued shares of the Company are purchased and cancelled, the effect on the share capital of the Company are illustrated as follows:

	No. of Shares
Total number of issued shares as at 21 March 2024	384,041,985
Assumed the Shares purchased and cancelled	(38,404,198)
Resultant total number of issued shares	345,637,787

If the Shares so purchased are retained as treasury shares, the total number of issued shares of the Company will not be reduced but the rights attaching to the treasury shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these Shares remain as treasury shares, the Companies Act 2016 prohibits the taking into account of such Shares in calculating the number of percentage of Shares for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

7.2 NTA

The effects of the Proposed Share Buy-Back on the consolidated NTA of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to PIE to finance the Purchased Shares or any loss in interest income to PIE.

The Proposed Share Buy-Back will reduce the consolidated NTA per Share at the time of purchase if the purchase price exceeds the consolidated NTA per Share and conversely will increase the consolidated NTA per Share at the time of purchase if the purchase price is less than the consolidated NTA per Share.

Should the Purchased Shares be resold, the consolidated NTA will increase if the Company realizes a capital gain from the resale, and vice-versa. However, the quantum of the increase in NTA will depend on the selling prices of the Purchased Shares and the number of Purchased Shares resold.

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

7.3 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital and cash flow of the Group, the quantum of which would depend on the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

For the Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

7.4 Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to PIE to finance the Purchased Shares or any loss in interest income to PIE.

Assuming the Purchased Shares would be retained as treasury shares, the reduction in the number of Shares applied in the computation of the EPS pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the EPS for the financial year ending 31 December 2024.

Should the Purchased Shares be resold, the extent of the impact to the EPS of the Group will depend on the actual selling price, the number of treasuries shares resold, and any effective funding cost from the Proposed Share Buy-Back.

7.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining total number of issued shares of PIE (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2024 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by PIE in the future would depend on, *inter-alia*, the profitability and cash flow position of the Group.

7.6 Substantial Shareholders

Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

8. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK RELATING TO THE RULES ON TAKE-OVERS, MERGER AND COMPULSORY ACQUISITIONS (THE RULES)

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Rules by any of the Company's shareholders and/or parties acting in concert with them, the Board will ensure that such number of Shares purchased, retained as treasury shares, cancelled or distributed pursuant to the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them.

In this connection, the Board will be mindful of the Rules when making any purchase of the Shares pursuant to the Proposed Share Buy-Back.

9. PURCHASES, RESOLD, TRANSFER AND CANCELLATION MADE BY THE COMPANY OF ITS OWN SHARES IN THE PRECEDING 12 MONTHS

There was no treasury share held and the Company had not purchased, resold, transferred or cancelled any shares in the preceding 12 months.

Share Buy-Back Statement (Cont'd)

10. PROPOSED INTENTION OF THE DIRECTORS TO DEAL WITH THE SHARES SO PURCHASED

The Proposed Share Buy-Back, if exercised, the shares shall be dealt with in the following manner:
- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

11. PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 21 March 2024, approximately 184,012,000 Shares representing 47.91% of the total number of issued shares of the Company were held by the public shareholders. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of PIE shall not fall below 25% of the total number of issued shares of the Company (excluding treasury shares) at all times pursuant to the Proposed Share Buy-Back, in accordance with Paragraph 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements.

12. DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Share Buy-Back described above is in the best interest of the Company.

13. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Twenty-Seven (27th) Annual General Meeting to give effect to the Proposed Share Buy-Back.

14. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of PIE Shares traded on Bursa Securities for the preceding twelve (12) months are as follows:

	High RM	Low RM
2023		
April	3.76	3.43
May	3.70	3.00
June	3.25	2.86
July	3.02	2.78
August	2.96	2.61
September	3.05	2.83
October	3.25	3.87
November	3.34	3.00
December	3.32	3.08
2024		
January	3.25	3.11
February	3.48	3.16
March	3.59	3.19

Last transacted market price as at 12 April 2024 (being the latest practical date prior to the printing of this Statement) was RM3.82.

(Source: Bursa Malaysia)

Share Buy-Back Statement (Cont'd)

15. RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang during normal office hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:

(i) Constitution of PIE; and

(ii) The audited consolidated financial statements of PIE for the past two (2) financial years ended 31 December 2022 and 2023 respectively.

17. FURTHER INFORMATION

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

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-SEVENTH ANNUAL GENERAL MEETING of the Company to be held at Meeting Room 2, Level 1, Ixora Hotel, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Penang on Friday, 17 May 2024 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*

AGENDA			
To receive the Audited Financial Statements of the Company for the year ended 31 December 2023 together with the Reports of the Directors and of the Auditors thereon.			
RESOLUTIONS		**For**	**Against**
Ordinary Resolution 1	To approve the payment of Directors' Fees of up to RM90,000 for the financial year ended 31 December 2023.		
Ordinary Resolution 2	To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM40,800 from 1 June 2024 until the next Annual General Meeting of the Company.		
Ordinary Resolution 3	To re-elect Mr Lim Chien Ch'eng who retires by rotation in accordance with Article 102(1) of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Mr Lan, Kuo-Yi who retires by rotation in accordance with Article 102(1) of the Company's Constitution.		
Ordinary Resolution 5	To re-elect Ms Huang, Yi-Ling who retires by rotation in accordance with Article 107(2) of the Company's Constitution.		
Ordinary Resolution 6	To appoint Messrs. Deloitte PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
Ordinary Resolution 7	To authorise Directors to allot and issue shares pursuant to Authority to Issue Shares and Waiver of Pre-emptive Rights.		
Ordinary Resolution 8	To approve the authority to purchase company's own share.		
Ordinary Resolution 9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Signed this __________ day of __________, 2024.   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 8 May 2024. Only a depositor whose name appears on the Record of Depositors as at 8 May 2024 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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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 George Town
Pulau Pinang, Malaysia.

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

Plot 4, Jalan Jelawat 1, Seberang Jaya Industrial Estate,
13700 Prai, Pulau Pinang, Malaysia.

Tel : +604-399 0401

www.pieib.com.my