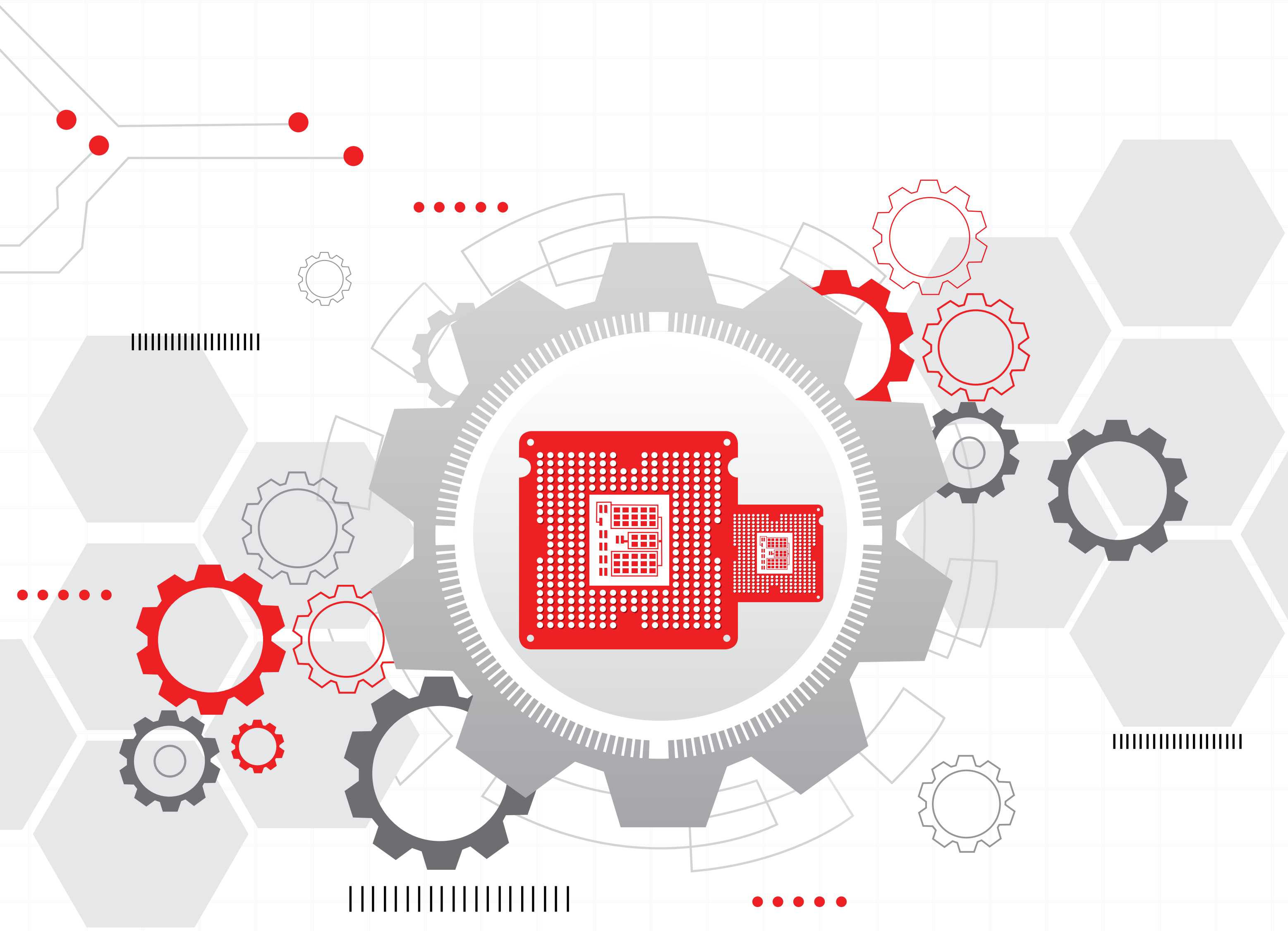
FRONTKEN

Frontken Corporation Berhad 200401012517 (651020-T)



ANNUAL REPORT
2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS

- **NG WAI PIN**
  Chairman / Chief Executive Officer
- **DR TAY KIANG MENG**
  Executive Director / Chief Scientist
- **DATO' HAJI JOHAR BIN MURAT @ MURAD**
  Independent Non-Executive Director
- **NG CHEE WHYE**
  Independent Non-Executive Director
- **GERALD CHIU YOONG CHIAN**
  Non-Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Haji Johar Bin Murat @ Murad
(Chairman)
Ng Chee Whye
Gerald Chiu Yoong Chian

NOMINATION COMMITTEE

Dato' Haji Johar Bin Murat @ Murad
(Chairman)
Ng Chee Whye
Gerald Chiu Yoong Chian

REMUNERATION COMMITTEE

Ng Wai Pin
(Chairman)
Dato' Haji Johar Bin Murat @ Murad
Ng Chee Whye

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
(PC No. 202008002006)
Chew Mei Ling (MAICSA 7019175)
(PC No. 201908003198)

REGISTERED OFFICE

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50450 Kuala Lumpur
Tel : (03) 2166 9718
Fax : (03) 2166 9728

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Fax : (03) 7968 3316
Email : ir@frontken.com
Website : www.frontken.com

INVESTOR RELATIONS

Tel : (03) 7968 3312
Fax : (03) 7968 3316
Email : ir@frontken.com

SHARE REGISTRAR

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Services Sdn Bhd
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Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2783 9299
Fax : (03) 2783 9222

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (03) 2788 9999
Fax : (03) 2788 9998

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : FRONTKN
Stock Code : 0128
Reuters Code : 0128.KL
Bloomberg Code : FRCB MK

GROUP CORPORATE STRUCTURE

As At 23 March 2021

Frontken Corporation Berhad
200401012517 (651020-T)

- **100%** **FRONTKEN MALAYSIA SDN BHD**
  - **100%** Frontken (East Malaysia) Sdn Bhd
  - **100%** Frontken (Johor) Sdn Bhd
- **100%** **FRONTKEN (SINGAPORE) PTE LTD**
  - **100%** Frontken Projects Pte Ltd
  - **99.9%** Frontken Philippines Inc.
- **95%** **PT FRONTKEN INDONESIA**
- **91.25%** **ARES GREEN TECHNOLOGY CORPORATION**
- **45%** **TTES FRONTKEN INTEGRATED SERVICES SDN BHD**

OUR VISION, MISSION AND PROFILE

OUR VISION

To be the leading service provider in the industry we serve.

OUR MISSION

To serve our customers with complete satisfaction which includes not only the most competitive price and fastest delivery time but also the highest technical performance and reliability for all our services and products.

OUR PROFILE

Frontken Corporation Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad, has since its inception in 1996, established itself as a world leading service provider of advanced precision cleaning and surface treatment for semiconductor process chamber parts and repair and maintenance services for the oil and gas industry.

The Group uses cutting edge technology including advanced precision cleaning, advanced surface treatment and specialty spray coating to extend the lifespan of the high precision tools/equipment used in the fabrication of wafers, while significantly improving its customer's process efficiency, operating and maintenance costs.

The Group's continuous focus on research and development helped to improve our customers' process tool part optimisation. As a result, we were able to constantly exceed customers expectation by re-designing some of the tools to further increase the parts' shelf life and at the same time reducing impact on the environment.

The Group's customer portfolio comprises key players in the semiconductor, optoelectronics, oil and gas and petrochemical industries around the world.

To date, the Group has facilities in Singapore, Malaysia, Taiwan, the Philippines, and Indonesia with 1130 employees.

SEMICONDUCTOR

ADVANCED PRECISION CLEANING

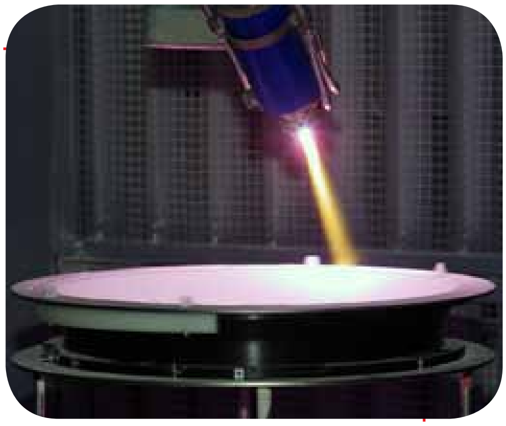
Advanced Precision cleaning and surface treatment of vacuum processes equipment parts in the semiconductors and TFT industries.

Decontamination of newly manufactured parts and routine maintenance. Kit management of semiconductor manufacturing components.

ADVANCED SURFACE TREATMENT & SPECIALTY COATING

Advanced Surface treatment services include thermal spray coatings, arc spray coatings, precision anodization and precision texturing and polishing.

Protection, lifetime extension, performance and efficiency improvements via advance surface treatment technology such as cold build up treatment, plating, plating & conversion coating, specialised plasma transferred arc welding.

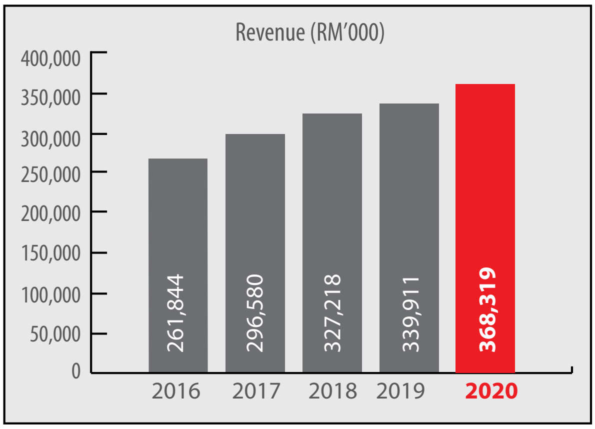


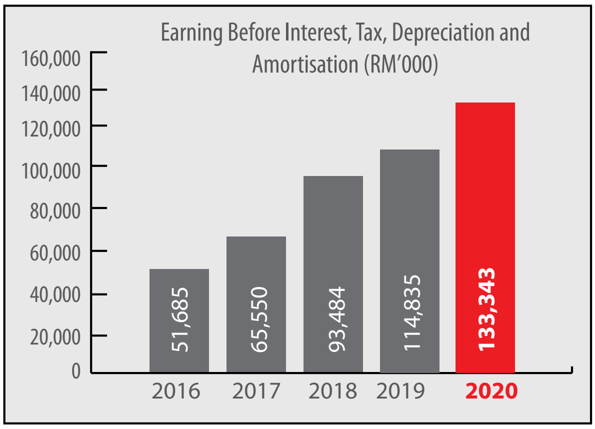
ENGINEERING

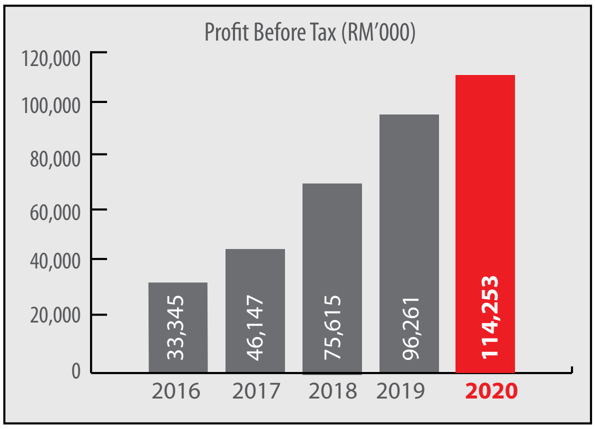
ROTATING EQUIPMENT

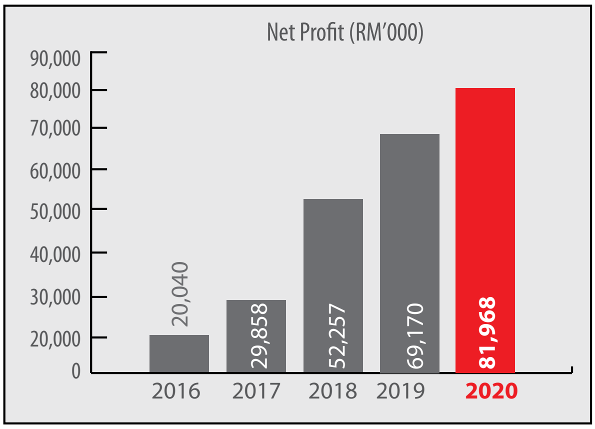
Equipment maintenance and overhaul, mechanical fitting & assembly, dynamic balancing, heat treatment, on site machining, metal stitching, laser alignment.

FINANCIAL HIGHLIGHTS









	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	**2020 RM'000**
SEGMENTAL REVENUE – BY CUSTOMER LOCATION					
Singapore	38,408	46,616	54,262	53,866	**46,586**
Malaysia	71,166	51,054	58,714	65,873	**51,417**
Taiwan	125,893	168,479	182,886	186,018	**235,121**
Others	26,377	30,431	31,356	34,154	**35,195**
	261,844	296,580	327,218	339,911	**368,319**
SEGMENTAL REVENUE – BY INDUSTRY					
Semiconductor	185,162	235,017	261,621	265,975	**311,374**
Oil & Gas	50,374	41,132	46,424	57,435	**42,451**
General*	26,308	20,431	19,173	16,501	**14,494**
	261,844	296,580	327,218	339,911	**368,319**

** Comprises power generation, marine, steel, cement, wood processing, pulp & paper, printing, agriculture, industrial manufacturing, food, construction and other sectors.*

SUMMARISED GROUP FINANCIAL POSITION					
AS AT 31 DECEMBER (RM'000)	2016	2017	2018	2019	**2020**
Non-Current Assets	190,575	188,706	177,493	181,523	**175,361**
Current Assets	217,187	242,385	277,567	334,202	**442,910**
Total Assets	407,762	431,091	455,060	515,725	**618,271**
Share Capital	105,344	118,925	118,925	118,925	**118,925**
Reserves	156,266	162,675	206,115	258,047	**321,070**
Shareholders' Equity	261,610	281,600	325,040	376,972	**439,995**
Non-Controlling Interests	33,799	24,373	19,604	21,776	**27,039**
Total Equity	295,409	305,973	344,644	398,748	**467,034**
Non-Current Liabilities	25,420	16,061	12,348	15,053	**12,826**
Current Liabilities	86,933	109,057	98,068	101,924	**138,411**
Total Liabilities	112,353	125,118	110,416	116,977	**151,237**
Total Equity and Liabilities	407,762	431,091	455,060	515,725	**618,271**

SUMMARISED GROUP CASH FLOWS					
YEAR ENDED 31 DECEMBER (RM'000)	2016	2017	2018	2019	**2020**
Net Cash Flows From Operating Activities	44,424	69,029	63,322	114,901	**119,733**
Net Cash Flows For Investing Activities	(35,037)	(32,078)	(7,142)	(12,113)	**(11,900)**
Net Cash Flows For Financing Activities	(18,473)	(8,389)	(27,786)	(33,711)	**(33,949)**
Net (Decrease)/Increase in Cash and Cash Equivalents	(9,086)	28,562	28,394	69,077	**73,884**
Effect of exchange differences	2,037	(6,377)	293	1,652	**6,248**
Cash and Cash Equivalents at Beginning of Year	105,117	98,068	120,253	148,940	**219,669**
Cash and Cash Equivalents at End of Year	98,068	120,253	148,940	219,669	**299,801**

FINANCIAL ANALYSIS					
	2016	2017	2018	2019	**2020**
Turnover growth	-6.7%	13.3%	10.3%	3.9%	**8.4%**
Profit Before Tax Growth	108.4%	38.4%	63.9%	27.3%	**18.7%**
Net Profit Growth	400.1%	49.0%	75.0%	32.4%	**18.5%**
Pre-tax Profit Margin	12.7%	15.6%	23.1%	28.3%	**31.0%**
Net Profit Margin	7.7%	10.1%	16.0%	20.3%	**22.3%**
Return on Average Shareholders' Equity	8.1%	11.0%	17.2%	19.7%	**20.1%**
Return on Average Total Assets	5.0%	7.1%	11.8%	14.4%	**14.5%**
Earnings Per Share (Sen)					
- Basic	1.9	2.9	5.0	6.6	**7.8**
- Diluted	^ 1.9	^ 2.9	^ 5.0	^ 6.6	**^ 7.8**

^ *The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.*

CHAIRMAN'S MESSAGE

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I'm pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year 2020 ("FY2020"). As part of this Annual Report, we have also included the Management Discussion and Analysis to provide our shareholders with a more insightful and informative details of the Group's operations and performance.

It had been an extremely challenging and unprecedented year, to say the least. Despite the many obvious challenges during the year, the Group recorded impressive growth in its top and bottom lines culminating in a stronger financial position and at the same time managed to achieve several record milestones. These achievements were particularly noteworthy in light of the very challenging business environment we were operating in.

MANAGEMENT DISCUSSION AND ANALYSIS

Review 2020

In FY2020, the Group achieved its highest ever revenue of RM368.3 million, an increase of RM28.4 million or 8% compared to financial year 2019 ("FY2019"). Profit before tax ("PBT") was also at its record high of RM114.3 million, a RM18.0 million or 19% increase compared to the year before and the gross profit margin as a percentage to sales was at 45%. At the same time, the Group generated good free cash flow and ended the year with a strong net cash position of RM291.5 million. On the back of our strong earnings growth, the Company paid a single interim dividend of 1.2 sen per share and a second interim dividend of 2.8 sen per share bringing the total dividend of 4.0 sen per share for FY2020. To further reward our shareholders, the Company also proposed a bonus issue of shares and warrants on the basis of 1 bonus share and 1 bonus warrant for every 2 shares held by the shareholders.

The year 2020 was one of the most challenging years, where governments, businesses and families were compelled to embrace a "new normal". At the outset of the pandemic, the Group implemented its "Guidelines on Workplace Prevention and Control of COVID-19" to ensure minimal disruption to our businesses and to protect the safety of our employees and at the same time helped to contain the spread of the COVID-19 virus.

As you all know in March 2020, we experienced the beginning of the lockdown and restrictions in our business units in Malaysia, followed by Singapore. Like many organisations and businesses across the world, we adapted quickly to remote working. We were in regular touch via virtual meetings with our stakeholders ranging from business partners, investors and our colleagues during that period.

At the Group's virtual executive team meeting, we discussed on the financial aspect as well as potential impacts amidst the ongoing pandemic. We also reviewed and implemented strategic measures including crisis management and business continuity plan in response to the same. We ensured that the services we provide remain as close to "business-as-usual" as possible, if not better, to ensure minimal disruption of our critical services to our customers. As the Group's business fall under the category of essential services, we were able to resume full operation very quickly.

We continued to improve our engagement with our employees and strengthen our leadership across our business units. Skills development programs such as continuing education courses, seminars and conferences were offered through internal and external training sessions. We promoted the upskilling and reskilling of our employees, where they were able to gain new expertise to help in their current roles as well as to take on different or entirely new roles. In addition, we encouraged the sharing and maximisation of knowledge within the Group including cross functional collaboration to create new ideas and value. We continued to reward our employees through bonuses, incentives and awards as we believe in sharing our success with those who have worked tirelessly to contribute to the growth of the Group.

We have always strived to better our performance by continually strengthening our domain expertise and capabilities. Our efforts were validated with an all-time high share price and market capitalisation since inception. In addition, the Group was selected as "Forbes Asia 200 Best Under A Billion Company". We also won "The Edge Billion Ringgit Club for "Highest Growth in Profit After Tax" 2 years in a row and "The Edge Billion Ringgit Club for "Highest Return to Shareholders Over Three Years" in FY2020 under the technology sector. We are truly encouraged by these recognitions and are inspired to perform better in the coming years.

We take very seriously our achievements in Environmental, Social and Governance ("ESG"). We are committed to the communities in the countries where we operate in and continuously improve our ability to achieve all the ESG targets around the globe, one of them being the 17 United Nations Sustainability Development Goals ("SDG"). We have thus far managed to integrate 11 out of the 17 SDGs into our day to day business approach, with focus on where we can make the most meaningful and positive impact.

In FY2020, we further optimised our green power to an accumulative 1,021,294KW since 2018, directly supporting renewable energy. We continued to adhere to strict waste classification, introduced new methods to perform internal recycling of waste water, enabling them to become reusable resources and lowering reliance on outsourcing. We also implemented two major waste reduction projects that have resulted in a total savings of 49 ton of water and 64 ton of waste recycled. As a result of our implementation on waste recycling projects, the total water consumption was further reduced by 8.3% compared to the year before.

Around the world, there is growing awareness on the realisation of a sustainable society. We are committed to complying with, if not, exceeding all relevant regulatory requirements, to the prevention of pollution and continual improvement in the environmental, health and safety performance of our operations, processes and products. We believe in making a difference by creating value in a sustainable and socially responsible manner while continue to demonstrate our commitment to a better future. Further disclosures on the Group's Sustainability initiatives can be found at the Sustainability section of this Annual Report and at our website at www.frontken.com.

Semiconductor Division

In 2020, the global semiconductor industry sales increased by 6.5% to US$439.0 billion compared to 2019, which was US$412.3 billion, as reported by the Semiconductor Industry Association (SIA). During the pandemic, consumers have moved dramatically toward online channels due to closure of schools, inability to conduct meetings or conferences physically and to travel due to stringent restriction imposed by most countries. Consequently, digital adoption took a quantum leap as the pandemic had pushed the world ahead by a few years and has turned digitisation into a more critical component in businesses.

Semiconductor has been the driver of the accelerating digitalisation of businesses and society, and we have been fortunate to be a part of this value chain. As witnessed throughout the pandemic, the Group's semiconductor business had been incredibly resilient. In FY2020, our semiconductor division contributed 85% of the Group's total revenue, with an improved profit after tax of 32% compared to the year before.

Our research and development ("R&D") team continued to drive forward incremental improvements and ongoing effort in Continuous Improvement Process and at the same time provide our customers with cost advantages and efficiency. The skills and experience our team have built over the years coupled with pro-active engagement with customers were able to give us an advantage to continue to be one the leaders in our industry.

Taiwan

In FY2020, the Group's subsidiary in Taiwan, Ares Green Technology Corporation ("AGTC") recorded the best ever operating profit of RM83.1 million, an increase of 46% from a year ago. Revenue was also up by 27% to RM240.5 million. This achievement was largely attributable to the increased business from our key customers as a result of the ramp up of the advanced technology nodes.

Semiconductor designers and manufacturers are on a quest to make chips denser, faster and more energy efficient. Our unwavering focus on technology and R&D in ultra-purity cleaning processes and surface treatment has made us a highly trusted partner to our customers' technology roadmap. As the nodes get smaller, the levels of particles and deposition contamination have become increasingly critical. Our R&D team in Taiwan worked on improving the quality of data collection using high-end metrology equipment, innovating different advanced treatment method and at the same time optimise production and process costs. At the moment, we are also exploring opportunities in new ultra-cleaning processes on our customers' parts that will help to reduce the process time while achieving the same, if not better, end results.

During the year, the Group also added a few new production lines to better cope with the existing demand and for an improved process flow to achieve better efficiency. With the combination of the new lines and right product mix, tools/equipment, we saw improved efficiency in cost and productivity without comprising the quality of our products/services. Consequently, we were also able to improve our profit margins and pass some of the savings to our customers.

The wastewater treatment upgrade in Taiwan was also completed during the year and we are expecting an overall improvement in effluent quality, in-line with the Group's target on minimising environmental impact from our operations.

In FY2020, we continued to increase our shareholding in AGTC from 90.85% a year ago to 91.25%.

Malaysia

The Group's semiconductor business in Malaysia was slightly disrupted in the first half of FY2020 amidst the lockdown in the country that resulted in a slowdown to some our customers' business. However, business picked up in the second half of the year as the favourable market conditions in the semiconductor sector gained its momentum and is expected to prevail through 2021.

Although Frontken Malaysia in recent years had maintained its dominance in the market and is still the largest parts treatment and cleaning service provider in the country, we are still working very hard to develop new customers. One of the achievements in FY2020 was passing the qualification process by a multinational HDD customer that we were working very closely with for some time.

Singapore

The Group's semiconductor business in Singapore continued to perform admirably with operating capacity close to normal in spite of the circuit breakers imposed by the government. However, the performance could have been better if not for the labour shortage that arises following a period of travel restrictions on our employees from Malaysia.

Our immediate priorities for the year was to ensure a sustainable output and productivity level. This includes managing our labour force, talent retention, getting new parts qualification by our existing customers and improving both quality and quantity of our production.

In FY2020, we completed and achieved the technical targets for the project on advanced precision nano-cleaning and refurbishment for etch critical chamber parts used in the next generation wafer fabrication. We developed, created, validated and qualified our best known method, process of records, and work instructions for the same. We also led in the most advanced precision cleaning and coating for the next generation memory wafer process in Singapore. Our R&D team researched and developed more environmentally friendly methods for our advanced cleaning and coating processes. We improved our production process flow and productivity by 12% and on average reduced the manpower by 1.2 hours per kit. Most importantly, we replaced some of the steps and processes so as to be more conducive and safe to the physical and mental health of our employees and the environment.

Engineering Division

The impact on the Group's engineering segment from the pandemic was quite different from that experienced by our semiconductor division. As economic activity slowed sharply across the world, demand for oil and gas products also plummeted. In the first half of 2020, worldwide demand for oil fell rapidly as governments were forced to shutter down businesses. The combination of falling demand and rising supply led to a collapse in crude oil prices to its lowest level in decades. Similarly, the Group's engineering segment saw postponement of many scheduled maintenance and services by our customers.

As economies reopened, oil prices partially recovered and rebounded from the year's low. At the end of FY2020, the Group saw new orders trickling in from its various umbrella contracts for provision of manpower supply and also mechanical rotating equipment services and parts. In spite of the very difficult operating environment, the engineering division was able to make a small bottom-line contribution to the total Group's earnings.

Over the years, we have been making adjustments across the Group's engineering unit by leveraging on the diverse range of expertise within the division. This allowed us to centralise and consolidate operations across the same to drive efficiency and scale. We were also able to expand our capabilities on advanced repair and maintenance solutions. In addition, through further enhanced training program for our skilled manpower, we were able to provide a wider range of support to the upstream and downstream segments.

Moving forward, we will continue to provide our best services and support to the needs of the oil and gas value chain both domestically and regionally.

Malaysia

In the beginning of 2020, we saw revenue for this engineering business division picked up, but unfortunately decreased gradually as the impact of pandemic took its toll. Even though we were hampered by the challenging operating environment, we did not pause in our efforts but instead took a series of strategic initiatives. We continued to leverage on our existing competencies in the mechanical engineering for rotating equipment to explore new growth and opportunity.

Our deep expertise and know-how of the industry have enabled us to continue working on our resources, increased joint business partnerships with our customers and suppliers. Our perseverance had paid off as towards the end of the year, we started to capture more works from our customers.

As Malaysia is one of the key oil and gas producers in the Asia-Pacific region, we will ride on this opportunity and will continue with selective capital investments to capture the same. One such investment that is currently being developed is at Pengerang with the construction of a repair and service facility to better service the contracts that were awarded to us recently.

Singapore

For the Group's engineering division in Singapore, we remain focused on customers from the oil & gas, petrochemical, refineries and marine industries. As with the other units of the same segment, the pandemic and weakened oil price have affected our operation resulting in significant reduction of our revenue.

Despite that, we continued our effort in managing operating costs where we integrated two of our business units into one. Through that, we managed to streamline the operating processes and reduce the overall cost.

We also extended our approach to non-traditional type of industries including consumer products and solar energy manufacturers. The approach begun in the middle of FY2020 with our team actively engaged with various customers for potential opportunities.

As a result, we are in the process of being qualified to undertake services of some new products that are currently underway at customers' production line. We also took part in a few projects at various stages, from completion of first article acceptance to production trials and testing, and we expect that to contribute positively to the revenue of this unit in FY2021.

Philippines

The Group's engineering business in the Philippines achieved a revenue of RM15.7 million and an operating profit of RM2.6 million, an increase of 8% from FY2019.

This was from an improved resource-planning of manpower thereby reducing overtime costs, better waste management optimising use of materials, alternative sourcing for raw materials and overall increase in productivity.

During the year, we established strategic partnerships with few major energy players, for excitation systems, turbomachinery maintenance services and habitat systems that will strengthen our collective service portfolio. We continued to provide added value products and services to our customers to increase revenue potential through these partnerships.

The recent addition of a vertical lathe will not only serve the machining needs for larger machinery and components to our customers in the power generation industry, but will also bring higher value repair works that can offer greater profit potential. We believe that the strategies in place will support our position to better serve the current and future service requirements for maintenance such as turbine overhauling, generator testing and inspection, and auxiliary equipment.

Amidst the projected tapering activities in oil and gas in the coming years in the Philippines, power generation industry will remain the key focus for our operation in this unit.

Forward Looking Statement

Heading into 2021, there is little precedent for projecting the future. The vaccine roll out had somewhat brought some semblance of stability to the economy, but there are lingering fears over continued challenges ahead. Having said that, digital operations are more important than ever, with many transformative changes to keep the world moving forward. We believe that the growing demand and advances in technology such as 5G and AI will bring greater opportunity for the Group in the coming years.

We are looking to expand our capacity in Taiwan by setting up a new state of the art facility in anticipation of increase in the demand for our services relating to tools involved in the manufacturing of the latest nodes of chips. We are currently already supporting our customer during their R&D production stage of this leading-edge node. Our customers have indicated that there will by multi-year of strong demand and growth for their business and this could be seen from their record capital expenditure. This is extremely encouraging for us, being their important partner particularly in the leading-edge technology.

For the Group's engineering division, we are cautiously optimistic that it will perform better in 2021 with the gradual resumption of economic activities and recovery of the crude oil price.

As we move forward, our focus will still be to grow our portfolio of services with focus on creating long-term value and maximising total shareholders' return. By combining our expertise with our customers' competence, we aim to develop a more sustainable and profitable partnership.

Although we have not made any significant changes to our key policies, we remain committed to reward our shareholders through sustainable dividend and capital growth, taking into account our earnings, cash generation and our ongoing investment needs. The Group is constantly on the lookout for further growth possibilities such as potential merger and acquisitions opportunities. We will continue to communicate regularly with all stakeholders as we navigate the exciting road ahead.

To that end, we look forward to sharing more sustainable successes with you in the coming year and beyond.

Acknowledgement

I would like to thank our Board of Directors for its continuous guidance and steadfast support throughout the year.

I would also like to take this opportunity to say many thanks to our incredible team for their commendable efforts, hard work and continued dedication during the year.

To our customers, suppliers, business associates, various ministries, government agencies and regulators of the countries in which we operate, we thank you again for the support, opportunity and trust that you have given to us.

I would like to mark my appreciation to all our loyal shareholders and stakeholders for your ongoing support and confidence in us.

Lastly, I would also like to express my heartfelt gratitude to all front liners and medical workers who are working hard on providing support and treatment to those in need during the pandemic.

FINANCIAL REVIEW

RESULTS OF OPERATIONS
in RM'000

REVENUE				EBITDA			
2019	339,911	↑	8%	2019	114,835	↑	16%
2020	368,319			2020	133,343		
NET PROFIT				**EBITDA MARGIN as a % of revenue**			
2019	69,170	↑	19%	2019	33.8	↑	2%
2020	81,968			2020	36.2		

REVENUE

During the financial year ended 31 December 2020 ("FYE2020"), the Group reported a higher revenue of RM368.3 million against RM339.9 million for the previous financial year, represented a growth of 8% mainly due to positive growth of the Group's semiconductor business.

REVENUE (by customer location)	2020 RM'000	%	2019 RM'000	%	% change in revenue
Taiwan	235,121	64	186,018	55	26
Malaysia	51,417	14	65,873	19	-22
Singapore	46,586	13	53,866	16	-14
Philippines	15,397	4	15,102	4	2
Others	19,798	5	19,052	6	4
Total	368,319	100	339,911	100	8

An analysis of revenue by customer location showed growth in our business particularly in Taiwan, the Philippines and China. The revenue in Taiwan increased from RM186.0 million to RM235.1 million in FYE2020 or a 26% increase compared to the preceding financial year. Our subsidiary in Taiwan benefited from the pick-up in volume in the semiconductor space due to higher demand and strong orders from one of its customers' advanced nodes chips. The decline in revenue from Malaysia and Singapore was mainly due to the indirect impact from the pandemic that hit our oil and gas division.

EARNINGS

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of the Group for FYE2020 increased to RM133.3 million from RM114.8 million or a 16% increase compared to the preceding financial year attributable to higher revenue and better profit margin resulting from the continual efforts to improve efficiency across the Group.

The profit after tax increased by 19% to RM88.3 million from RM74.2 million in the previous financial year mainly contributed by the strong performance by our subsidiary in Taiwan.

The consolidated net profit attributable to shareholders of the Company for FYE2020 was RM82.0 million, an increase of RM12.8 million or 19% compared to the net profit attributable to shareholders of RM69.2 million for the preceding financial year. This translated to basic earnings per share in FYE2020 of 7.82 sen compared to basic earnings per share of 6.60 sen in the previous financial year.

CASH FLOWS
in RM'000

NET CASH				WORKING CAPITAL			
2019	198,929	↑	47%	2019	232,279	↑	31%
2020	291,530			2020	304,500		
FREE CASH FLOW				**CAPITAL EXPENDITURE**			
2019	107,884	↑	6%	2019	7,146	↑	10%
2020	113,997			2020	7,890		

The free cash flow increased from RM107.9 million to RM114.0 million in FYE2020 mainly due to higher cash generated from operations, enhance working capital management and higher proceeds from disposal of property, plant and equipment compared to the preceding financial year.

The net cash from operating activities was RM119.7 million and RM114.9 million in year 2020 and 2019 respectively. The net cash outflow for financing activities was RM33.9 million in year 2020 as compared to RM33.7 million in year 2019 mainly due to higher dividend payment in year 2020 as compared to the preceding financial year. Net cash used for investing activities decreased from RM12.1 million in the preceding financial year to RM11.9 million in year 2020. The decrease in cash outflow for investing activities was mainly due to higher proceeds from disposal of property, plant and equipment.

The Group has cash and cash equivalents of RM299.8 million as at the end of year 2020 compared to RM219.7 million at the end of year 2019. Amid the challenging business conditions, the Group will continue to exercise prudence in cash flow management while conserving the cash for dividend payment, potential future expansion and investing activities.

FINANCIAL POSITION

The Group's shareholders' fund improved from RM377.0 million as at 31 December 2019 to RM440.0 million as at 31 December 2020.

Total assets of the Group increased from RM515.7 million as at 31 December 2019 to RM618.3 million as at 31 December 2020 mainly due to increase in cash and bank balances by RM93.3 million. Total Group's liabilities of RM151.2 million as at 31 December 2020 were higher by RM34.3 million or 29% compared to the previous year mainly due to advances received and accrued expenses.

BOARD OF DIRECTORS' PROFILE

NG WAI PIN

Chairman / Chief Executive Officer

- *Aged 55, Male, Malaysian*
- *Appointed to the Board on 10 April 2006*
- *Chairman of Remuneration Committee*

Ng Wai Pin, formerly a Senior Independent Non-Executive Director of Frontken Corporation Berhad ("FCB"), was re-designated as the Chairman / Chief Executive Officer / Managing Director of the Company on 19 January 2012. He holds a Bachelor of Laws degree from University of Auckland and was admitted to the roll of barristers and solicitors of the High Court of New Zealand in 1989. He then continued practising as a barrister and solicitor in a leading legal firm in Auckland for a number of years before returning to Malaysia where he joined Shook Lin & Bok, a legal firm in Kuala Lumpur. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. He later became a Director and Chief Executive Officer of an oil and gas services company listed on Bursa Malaysia Securities Berhad with regional operations, before returning to private practice in law. From September 2005 to February 2009, he was the Chief Operating Officer of a company listed on the Singapore Exchange Limited and was seconded as the Chief Executive Officer of a company listed on the Australian Stock Exchange. He is also the Executive Chairman of Ares Green Technology Corporation, a public company in Taiwan, R.O.C., a subsidiary of FCB. He also sits on the board of BSL Corporation Berhad as an Independent Non-Executive Director.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

DR TAY KIANG MENG

Executive Director / Chief Scientist

- *Aged 56, Male, Singaporean*
- *Appointed to the Board on 10 April 2006*

Dr Tay Kiang Meng holds a Bachelor of Engineering (First Class Honours) in Manufacturing Systems Engineering from University of Portsmouth, and a Master of Science in Advanced Manufacturing Systems and a PhD in Engineering from Brunel University, United Kingdom.

He is responsible for research and development leading the Group's technology roadmap, spearheading research and development ("R&D") activities, formalising the Group's quality systems, developing critical manufacturing technologies for FCB's semiconductor technology and advanced materials engineering, and exploring new technology opportunities for the Group. He has more than 20 years of professional experiences in technology development, R&D, and has led some of the most significant technology innovations in semiconductor-related manufacturing technology and advanced materials engineering.

An engineer and scientist by training, Dr Tay began his professional R&D experience with research think tank, Gintic Institute of Manufacturing Technology, Singapore. Dr Tay has received honours and awards in many of his academic, research and technology development work.

Dr Tay also sits on the board of the FCB's subsidiary, Ares Green Technology Corporation.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

DATO' HAJI JOHAR BIN MURAT @ MURAD
Independent Non-Executive Director

- *Aged 73, Male, Malaysian*
- *Appointed to the Board on 10 April 2006*
- *Chairman of Audit Committee and Nomination Committee, Member of Remuneration Committee*

Dato' Haji Johar Bin Murat @ Murad graduated with a Bachelor degree in Malay Studies from Universiti Malaya in 1971. He has worked in various government agencies, such as the Ministry of Science, Technology & Environment, the Ministry of Finance, the Ministry of Public Enterprises (now known as Ministry of Entrepreneur and Co-operative Development) and Economic Planning Unit of Prime Minister's Department. During his tenure of service in the Ministry of Finance (1996 – 2000), he was a director of the following organisations:-

- Yayasan Tun Razak (Tun Razak foundation)
- Perbadanan Kemajuan Negeri Selangor (Selangor State Economic Development Corporation)
- Majlis Sukan Negara Malaysia (National Sports Council)
- Lembaga Pembangunan Labuan (Labuan Development Authority)
- Syarikat MKIC Malaysia (Malaysia Kuweity Investment of Malaysia)
- Jawatankuasa Pengurusan Hutan Serantau (Regional Forestry Management Committee)
- Majlis Penyelidikan dan Kemajuan Sains Negara (National Council of Science and Research Development)

When he was the Deputy Secretary General (Operations) of the Ministry of Science, Technology & Environment from 2000 to 2003, Dato' Haji Johar was also an Alternate Director of Lembaga Pengarah Technology Park Malaysia, MIMOS Berhad, SIRIM Berhad, Malaysian Agriculture Research and Development Institute, Malaysia Technology Development Corporation, Composite Technology Research Malaysia Sdn Bhd, Malaysia Design Council and National Science Centre. He was also the Chairman of Audit Committee of MIMOS Berhad and a member of the Board of Tender for MIMOS Berhad and SIRIM Berhad. Currently, he sits on the board of several other private companies.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

NG CHEE WHYE
Independent Non-Executive Director

- *Aged 55, Male, Malaysian*
- *Appointed to the Board on 31 July 2019*
- *Member of Audit Committee, Nomination Committee and Remuneration Committee*

Ng Chee Whye is a Chartered Accountant with the Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree from the University of Canterbury, New Zealand. He began his professional career with KPMG Peat Marwick in Auckland, New Zealand, gaining experience with clients from varied industries. Following which, he relocated closer to home to assume varied Senior Finance roles with various IT related entities in Singapore and Malaysia, namely Hewlett-Packard Singapore (Pte) Ltd, Creative Technology Ltd and Electronic Data Systems IT Services (M) Sdn Bhd. He subsequently moved on to assume Chief Financial Officer roles with various Wealth Advisory and Fund Management entities at Prudential Fund Management Bhd, AXA Financial Services and Nexus Financial Services Pte Ltd.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

GERALD CHIU YOONG CHIAN

Non-Independent Non-Executive Director

- *Aged 47, Male, Singaporean*
- *Appointed to the Board on 31 July 2019*
- *Member of Audit Committee and Nomination Committee*

Gerald Chiu Yoong Chian holds a BA (First Class Honours) in Engineering and Master's in Engineering (with distinction), both from the University of Cambridge, United Kingdom. He joined Dymon Asia Capital in 2012, helped establish Dymon Asia Private Equity ("DAPE"), and is a member of DAPE's investment committee. DAPE is focused on making private equity investments in Small and Medium Enterprises in South East Asia, and aims to contribute both capital and expertise to the companies it invests in. DAPE's current funds are Fund I (SGD300 million) and Fund II (USD450 million). DAPE has offices in Singapore, Malaysia and Thailand, and has invested in 18 companies/exited 5 companies across these geographies.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

GEORGE I. LAGOS
President, Frontken Philippines Inc. ("FPI")

- *Aged 61, Male, Filipino*
- *Appointed in 2003*

George I. Lagos graduated from Don Bosco Technical College, Industrial Technology Course. He has extensive working experience in the oil and gas industry, power and related industrial fields. Prior to joining FPI in 2003, he has held various senior positions in multinational companies and has gathered a wealth of experience that encompasses maintenance of various types of rotating and static machinery in the oil and gas, power and general industry.

He was appointed as the President in 2003 and is the chairman of the Board of FPI.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

HEE KOK HIONG
Chief Financial Officer

- *Aged 48, Male, Malaysian*
- *Appointed in 2012*

Hee Kok Hiong is a Fellow member of the Association of Chartered Certified Accountants (UK) and Chartered Accountant of Malaysia Institute of Accountants.

He has more than twenty years working experience in the areas of finance and administration where he started his career as an audit assistant at Ernst & Young in 1996 where he led and managed various statutory and special audits of companies in a wide spectrum of industries. He left the firm in 2001 to join a co-operative society as its Manager for Finance & Administration Department. Prior to joining Frontken Corporation Berhad ("FCB") as the Group Financial Controller in 2009, he was the Group Financial Controller of a private company with business operations worldwide, where he spend 5 years overseeing its finance, administration and human resource functions.

Mr Hee also sits on the board of FCB's subsidiaries, namely, Ares Green Technology Corporation, Frontken Philippines Inc., TTES Frontken Integrated Services Sdn Bhd and PT Frontken Indonesia.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

MOHD SHUKRI BIN HITAM
Managing Director of TTES Frontken Integrated Services Sdn Bhd ("TFIS")
- *Aged 55, Male, Malaysian*
- *Appointed in 2000*

Mohd Shukri Bin Hitam holds a Bachelor of Science in Aerospace Engineering, Bachelor of Science in Aeronautics (specialised in Aircraft Maintenance Engineering), Associate Science (Diploma) in Aircraft Maintenance Management Technology and Certificate in Airframe and Power Plant Mechanic.

He has extensive working experience in engineering related fields. Prior to the incorporation of TFIS, he worked in various organisations as engineer and consulting specialist in rotating equipment and turbomachinery engineering and technical services.

He is the Managing Director of TFIS and is responsible to oversee the overall operations of TFIS, engineering and technical services and directs various engineering and technical consultancy services at joint-service and consultancy companies.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

TSAI YU MIN
General Manager, Ares Green Technology Corporation ("AGTC")
- *Aged 44, Taiwanese*
- *Appointed in 2013*

Tsai Yu Min holds a Degree in Chemical Engineering from Taiwan Taichung Feng Chia University.

He has extensive working experience in sales and marketing and general management and has been working with AGTC, a subsidiary of FCB, since 2000. Before his appointment as General Manager in 2013, he was the sales manager, responsible for formulation of sales and marketing strategies for AGTC.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

Save as disclosed on pages 16 to 20, none of the Directors and members of Key Senior Management hold any other directorship in any public company and/or listed issuer in Malaysia.

Messages from Sustainability Committee

For the past decade, Frontken Group has been committed to health, safety, environmental and corporate responsibility and sustainability development. We are focused on providing our customers around the world with products, services and technologies that help to improve and achieve the sustainable Environment 5.0 and Society 5.0 and make an explicit and positive contribution to the challenges of the Sustainable Development Goals today.

The year 2020 was impaired by uncertainties about the future caused by the COVID-19 pandemic. At the end of January 2020, we set up the Emergency Response team, which reports directly to our executive board members, and promptly implemented a number of countermeasures. We are constantly working to gather information and deploy measures regarding the ever changing management and operational situations, while ensuring the health and safety of our employees.

At the fiscal 2020 meetings of the Sustainability Committee, members discussed specific measures required to achieve Environmental Vision 2050, which aims to reduce greenhouse gas emissions by 50% by 2050, as well as confirmed the progress and reviewed targets for 2025 and 2035. In addition, the committee evaluated and identified risks and opportunities related to the environment including climate change following the Climate-related Financial Disclosures recommendations, and discussed the direction of the Company's environmental initiatives, such as waste recovery and recycling based on this and efforts toward a circular economy.

Over the past several years, we have explored ways to grow our business while tackling challenges associated with the reduction of greenhouse gas emissions. Through the development and spread of products and services that contribute to energy conservation and the mitigation of global warming, we aim to reduce the world's greenhouse gas emissions while further developing our businesses. We will focus on disclosing environmental, social and governance ("ESG") information, including climate change.

In financial year 2020 ("FY2020"), we strengthened the Frontken Group's ("Group") commitments to various aspects of sustainability development, especially on the environment sustainability and emissions and climate changes. Our sustainability report covers our accomplishments in FY2020 during which time we took important steps to strengthen and integrate our sustainability vision, which is key to the long-term sustainable growth, development and profitability of the Group. We have dedicated additional resources to fully control and integrate our sustainability initiatives. These initiatives are aimed to recognise opportunities for profitability, continuous improvement, build enterprise value, preserves business integrity and protects our reputation.

At the Group level, we build advanced technology to help our customers to develop sustainable products and services that make their critical parts last longer, perform better and look beautiful and recyclable in their critical processes. In short, we research, develop and build advanced technology to support and extend the critical processes for our customers' businesses. Our technology helps customers to (a) PROTECT the surfaces of their critical parts used in everyday production; (b) PRESERVE their critical parts materials, so that they last longer in everyday production; (c) PROVIDE for a sustainable future via recycling, repairing, refurbishment and re-coating.

We continue to develop business opportunities in alignment with our Sustainable Development Goals that are most relevant for the Group by re-engineering more shared values from fewer resources and turning societal concerns and environmental challenges into our product and services innovations for our global customers. We believe in delivering both stakeholders and social values for the long-term growth by building excellent corporate governance that will contribute positively to the society and the environment. We have spent considerable time and resources in shifting our business models towards becoming more sustainable. We have also focused on identifying new opportunities, as evidenced by our investments in the re-engineering of our water usage and conservation systems as well as our waste treatment and discharge systems, that have become the leader in terms of semiconductor parts processing support technology as well as in environmental sustainability.

Our Board and Management, through our internal and external stakeholders engagement and materiality assessment of our business, had earlier identified key trends and topics that are critical to the continued success of our business, such as reducing emissions to environmental, reducing energy use and waste and improving safety and productivity, creating an inclusive social platform and good corporate governance, business continuity plan, etc. We have always and will continue to constantly review such risks as important opportunities to strengthen our risk management, and create long-term value and sustainable growth for the Group. The assessment and improvement of our operational sustainability have been integrated as part of the Group's strategic formulation. The Board will continue to provide oversight with the support of the Sustainability Management Committee and Risk Management Committee where the ESG is reviewed and implemented.

In FY2020, the Group continued to improve and strengthen and focus on the six "Core Areas for Action on Sustainability". These six dimensions of sustainability development are (a) responsible management; (b) responsible innovation and service; (c) responsible green production; (d) responsible workplace; (e) responsible supply chain; and (f) inclusive society and communities. Based on the key issues we identified, we have laid out a set of strategy and long-term goals in this report. In the long-term vision, we aim to benchmark our sustainability development with the GRI Framework and United Nations Sustainable Development Goals; Responsible Business Alliance Framework ("RBA"); Bursa Malaysia FTSERussell ESG Model Framework; and by continuing to make efforts in the economic and ESG dimensions of our business, and make a contribution towards resolving environmental and social issues.

We continuously improve and equip our engineers and employees to ensure they are able to continuously contribute to our sustainability development vision. For example, every employee's responsibilities are included in their personal objectives and incentives, and is linked to our business operational requirements:

(a) Innovative Value Creation through product and service portfolios – designed to bring tangible benefits to our customers with competitive advantage and deliver positive social and environmental impact for sustainability development.

(b) Maximising Resource Productivity through operations – designed to optimise all resources productivity in our production, operations and supply chain including critical materials used, eliminating waste and reducing variable cost; so as to make us more competitive and sustainable.

Some of the highlights of our achievements are summarised as follows, with more details within our Group Sustainability Report FY2020, where we measure and report our sustainability performance.

FY2020 ACHIEVEMENT OF SUSTAINABILITY GOALS

Responsible Management

The Board of the Group is cognisant of the importance of deploying high standards of corporate governance in the Company for the purposes of safeguarding the interest of its stakeholders as well as the assets of the Group, comprising the Company and all its subsidiaries.

The Board oversees the business performance and affairs of the Group and provides general guidance to the management; including charting strategic direction, guiding management on digitalisation, technology and innovation, reviewing and approving annual budgets, financial plans and monitoring the Group's performance, approving major acquisitions and fundraising exercises, as well as ensuring the Group's compliance with all laws and regulations.

The Group views the sustainable development of its management team characters and capabilities as a key part of its corporate social responsibility. We focus on financial prudence, discipline and integrity with strong risk management. We are committed to high standards of corporate governance to sustain growth and performance, and to safeguard stakeholders' interest and maximise long-term shareholders' value.

We hold ourselves to the highest standards of corporate governance. We believe employees are its most important asset, and works actively to build a collaborative team with shared vision, balanced culture and positive values. We provide customers with the most advanced and comprehensive process technologies and services through continuous responsible innovation, green production and sustainable supply chains friendly to the environment, and take action to give back to society.

The Group will continue to be committed to deliver value to our stakeholders through sustainable growth in our businesses, protecting the environment, empowering lives of people and nurturing communities where we operate. We will also continue to build the Group on the foundation of responsible management, responsible innovations, responsible employees and responsible green production, responsible supply chain and inclusive society and communities.

The Group core values define the fundamental corporate ethics and culture for each and every one of its officers and employees. We treasure our people and we optimise our employees' talents to the fullest and ensuring employees' growth will eventually generates corporate growth. Our core values have helped us to build trustworthy relationships with our customers and suppliers/partners around the world; and enable our employees worldwide to take pride in their work; and enable everyone in our Group to generate innovations and continuously improve our productivity.

We ensure that the Group's zero tolerance policy towards fraud, corruption and unethical actions are strictly adhered to. Our Group's policies on anti-bribery and corruption policies and Fraud Investigation and Whistleblower help with our fraud risk management. We conduct fraud and control awareness program throughout the year to constantly refresh and update our people in this area. Our Whistleblower hotlines allow our employees and any external party at any location to report any incident of misconduct without fear of repercussions.

In the reporting period of FY2020, we achieved the following:

(a) ENTERPRISE RISK MANAGEMENT: (i) Zero incident of material losses for the period; (ii) Zero incident of corruption and bribery for the period.

(b) INFOTECH AND DATA SECURITY: Zero incident of data losses and security breaches for the period.

(c) TAX COMPLIANCE: Zero incidents of tax non-compliance for the period.

Responsible Innovation and Service

In FY2020, we led the advanced precision cleaning and coating in the 3nm process technology in Taiwan and 8nm process technology in Singapore. We also led the most advanced precision cleaning and coating for the next generation memory wafer process in both Taiwan and Singapore. In FY2020, our R&D team researched and developed more environmentally friendly methods for our chemical management, coating and cleaning process, we improved our production process flow and productivity, and most importantly we replace the dangerous and hazardous steps and processes that are not safe and conducive to the physical and mental health of employees and the environment.

Our sustainability development efforts have been devoted to the environmental safety management; and the related innovation projects were designed to effectively reduce occupational hygiene risk, improve workplace environments and employee health management. We have successfully established an automated cleaning system which significantly reduces employees' exposure to hazardous substances. For our effort, our subsidiary Ares Green Technology Corporation received an award from a major customer on the Supply Chain Environment, Safety and Health for our outstanding efforts.

In the reporting period of FY2020, we achieved the following:

(a) INNOVATION - Research and development capability ratio per unit of dollar revenue/RND Cost for each period of 71. (baseline data for FY2019 is 68).

(b) INNOVATION PROJECTS FOR SUSTAINABILITY DEVELOPMENT:

(i) Accumulative green power project (KW) since 2018 = 1,021,294
(ii) Accumulative DIW recycling project since 2018 (Ton) = 159,440
(iii) Accumulative waste recycling project since 2018 (Kg) = 127,644

Responsible Green Production

The Group has continued to improve its green production method through its research and development to meet the operational challenges that global warming may bring by making progress through innovation. In FY2020, our production capacity has increased while processes continue to grow more complex, but through our efforts, unit production average power usage is reduced to 10.16 kWh (FY2019 = 11.2 kWh) per part produced; the unproduction average water usage is maintained at 0.12 (FY2019 = 0.12) cubic metre per part; and unit production average waste produced is maintained at 0.4 kg (FY2019= 0.4 kg) per part.

To assess the environmental impact of the Group's business activities as a whole, including its value chain, the Group in FY2020 began calculating Scope 1, 2, and 3 of the greenhouse gas ("GHG") emissions. The calculation is based on the GHG Protocol, which is the most widely used international accounting and reporting tool. We have identified Scope 2 electricity consumption as having the greatest potential impact on achieving our stated energy and emissions targets. Most of our energy use is associated with our production. Optimising energy efficiency in our operations is a key component of the Group's overall sustainability strategy. We are committed to continue to cut energy usage to lower our utility costs and reduce our environmental footprint. We are committed to doing our part to achieve a low-carbon future. We have already boosted the share of renewable power in our energy mix. Our sources of renewable energy include: On-Site Generation: renewable power generated by renewable energy sources (i.e. solar).

We continue to enjoy savings from our scrubber overhaul and replacement and energy saving lighting system projects implemented:

(a) We implemented the optimisation of energy conservation for our scrubbers; which are our single biggest user of electricity. It is important that our scrubbers operate in the most efficient manner. We achieve this through our scrubber overhaul and replacement programme.

(b) We are also exploring the use of energy conservation Performance Enhancement Lighting Management System (PELMS), allowing lighting levels to be automatically managed based on motion detection.

(c) We continue to enhance the energy conservation initiative by using energy savings lightings at our offices.

(d) We implemented renewable power in our energy mix. In our Taiwan plant, we installed solar photovoltaic systems on the roof of the plant to generate electricity and achieve an average monthly power generation of up to 30,000 kWp, and we accumulatively used 1,021,294 KW of green power since 2018.

(e) We implemented the energy conservation transformation of the chiller system, office air conditioning system, dust-collecting and exhaust system and lighting system, including the adoption of frequency conversion technology, the installation of flow monitoring & control system and the replacement of energy saving lightings, and have achieved considerable good results. Consequently, we have saved more than 100,000 kWh of electricity every month since the implementation of this project.

In the reporting period of FY2020, we achieved the following:

(a) GHG EMISSIONS DATA

(i) Scope 1 = 1,332 tCO2e
(ii) Scope 2 = 10,188 tCO2e
(iii) Scope 3 = 36,789 tCO2e
(iv) GHG Emission per unit of revenue dollar in million RM = 3.62 tonnes of CO2e/Revenue in million RM
(v) GHG Emission per unit of production = 5.18 kg of CO2e/part
(vi) Average electricity use per unit of production = 10.16 kWh/part
(vii) Average water usage per unit of production = 0.12 cubic metre/part
(viii) Average waste produced per unit of production = 0.4 kg/part

(b) WATER CONSERVATION

Reduce 14% our water consumption per unit of production. (Water consumption baseline data FY2018 = 0.14 cubic metre/part).

(c) WASTE REDUCTION

Reduce 11% our waste generated in kg per unit of production. (Waste generated baseline data FY2018 = 0.45 kg part).

(d) CHEMICAL MANAGEMENT

Increase 24% of environmentally friendly chemical use in kg per unit of production. (Chemical use baseline data FY2019 = 0.99 kg per unit of production).

Responsible Workplace

The Group implemented COVID-19 Prevention Programs in the workplace which include: conducting a hazard assessment; identifying a combination of measures that limit the spread of COVID-19 in the workplace; adopting measures to ensure that workers that are infected or potentially infected are separated and sent home from the workplace; and implemented protections from retaliation for workers that raised COVID-19 related concerns.

In recognition of the "new normal" in light of the ongoing COVID-19 pandemic, we implemented diverse working styles as a driver of telecommuting innovation, in order to improve productivity and allow employees to use their abilities to the utmost. In addition, we are also implementing job descriptions, performance management, and other systems to clarify the role of, expectations for, and output of each employee's position, and accelerate the pivot to job-based human capital management.

We see it as our responsibility to provide a safe and injury-free working environment which is set out in our Health, Safety and Environment policy statement. This policy supports the Workplace Safety and Health ("WSH") regulations in most of the jurisdictions we operate in. We actively promote awareness on workplace occupational health and safety. We aim to elevate the safety standards for our stakeholders through our WSH work plan. We expand our WSH measures such as training and education, fire safety improvements as well as onsite safety inspections. We believe that all workplace injuries are preventable, and our ultimate goal is to achieve zero injuries through continued investment in and focus on our core safety programs and injury reduction initiatives. To raise employees awareness, we institute a WSH mandatory training programme for our operation employees to equip them with the knowledge (such as understanding safety responsibilities and covering materials needed for specific jobs – electrical safety, ergonomics, control of hazardous materials and chemical safety) so that they may comply with the same in the performance of their assigned roles.

We are 100% compliance with all regulatory requirements relevant and applicable to the health and safety performance of our operations and processes. We have a health and safety system to identify and evaluate health and safety hazards and risks on work tasks, work areas, equipment, and operations, and to identify the controls needed to prevent or minimise worker exposure to health and safety risks. We continuously implement regular internal audits and third-party audits to review and qualify our safety system. During the COVID-19 pandemic, the ESH and Sustainability team developed detailed Health and Safety Protocols for all our sites and operations and to support our employees. For more information, please refer to our COVID-19 Protocol Policy below.

In the reporting period of FY2020, we achieved the following:

(a) WORKPLACE HEALTH AND SAFETY

- (i) Zero incidents of health and safety fatalities;
- (ii) We have one incident of ESH-Related notices of violation;
- (iii) We have a very low health and safety recordable injury rate of 0.04 hour per 100 employees.

(b) WORKPLACE COVID-19 PROTOCOL

- (i) Zero incidents of COVID-19 infection and transmission for the period.

Responsible Inclusion and Diversity

Our employees are the key assets for the success of our Company due to their daily commitment, team cohesion and their problem solving ideas. We are committed to support their talents, knowledge, experiences and skillsets via continuing training and education process, so that they can develop and grow with the Group.

The Group recruits and employs people based on their talents, without regard to their nationality or race, around the world in a fair, open, and just fashion. We strive to groom and retain a diverse and robust talent pool to support and drive our growth through continuous training and development and instilling a strong culture of safety and excellence, whilst encouraging work-life balance. These are implemented through talent development, groom leaders, knowledge training and exchange, health & safety, employee wellness, etc. We employ people based on their talents, without regard to their nationality and race. We offer good terms of compensation above the industry average, leave and benefits that meet employees' needs, a variety of training courses, and do our utmost to create a safe and healthy work environment.

The Group believes that the continuous improvement and learning, development and growth of our employees are our key differentiators to achieve our sustainability, competitive and resilience in our business operation. We continuously promote every opportunities to motivate and engage our employees and train our workforce with the right skillsets and knowledge to prepare them for the future; especially in the new normal environment. We are committed to inspire passion in our people by providing opportunities for strengthening their domain expertise and personal growth. We continue to focus our training and education efforts toward building a knowledgeable future-ready and responsive workforce, in order to remain sustainable and competitive within the dynamic business environment. This includes equipping our employees with essential soft and hard skillsets and domain knowledge, as well as upskilling and re-skilling employees to support our sustainability development and transformation initiatives for our business operation.

We take employees' engagement very seriously as we know that engaged employees feel happier at work, perform better and are more motivated to succeed - ultimately contributing to our better business performance. We are committed to building stronger relationships with and among our people, developing talent and enabling them to grow their career with us. We are in regular discussions with our employees to discuss important labour issues such as staff development and re-skilling.

We open a variety of communications channels to ensure our employees feel comfortable asking questions and sharing their views about our business directly with their senior management. Open and direct communication has been a hallmark of our culture. We believe that our success depends upon all employees understanding how their work contributes to the Group's overall business strategy. Our goal is to enable and drive the Group's business success by having employees perform at their best every day.

We are committed to creating a better world through our service and the passion of our employees. We believe that the health of our Group and local economies both depend on an increasingly inclusive community. We believe that to maintain interaction with local communities and actively participate in public welfare activities is one of the most important ways to make contribution to the society. We empower our employees to extend their values into our local communities for corporate social responsibility. We provide overseas internship opportunities for students from Singapore ITE college, and holds two sessions of more than 40 days in June and December every year for this purpose. At the same time, we also hired two disabled people to make our contributions to caring for the society. In addition, the Group's employees also actively participated in the following social impact activities: (a) blood donation activities since 2019, and so far, a total of 534 bags of blood have been donated; (b) employees continue to provide support to vulnerable groups in Singapore in the fight against COVID-19 including donating of masks to hospital staff during the COVID-19 period; (c) donate food to vulnerable and less privileged groups and the elderlies.

In the reporting period of FY2020, we achieved the following:

(a) TRAINING

- (i) Increase 20.54% of training hours invested to 14,479 hours;
- (ii) Achieve 92% of all employees are trained and educated in their respective work scope.

(b) SOCIAL IMPACT

- (i) The amount of volunteerism hours invested was reduced by 20% to 4,422 hours due to COVID-19 pandemic;
- (ii) The total number of persons that received the benefit through our initiatives to support schools and non-profit organisations via social projects was increased by 118% due to increased donations during the COVID-19 pandemic.

(c) LABOUR PRACTICE

- (i) Achieve zero incident of unfair employment practices;
- (ii) Achieve zero incident of violation of labour laws;
- (iii) Achieve employee retention rate of more than 95%.

(d) HUMAN RIGHTS

- (i) Achieve zero incident of unfair harassment and unlawful discrimination practices.

(e) INCLUSION AND DIVERSITY

- (i) Achieve zero incident of unfair harassment and unlawful discrimination practices.

(f) EQUAL OPPORTUNITY

- (i) Achieve zero incident of unfair discrimination practices.

(g) TALENT DEVELOPMENT

- (i) Achieve zero incident of unfair discrimination practices.

Responsible Supply Chain

The Group's business operation requires raw materials, chemicals, consumables, equipment and supplier services. Our operation will be disrupted if our suppliers cannot deliver their products or perform their services. Therefore, we are committed to working proactively together with suppliers to mitigate supply chain risk, optimised delivery, cost and time, and improve suppliers' businesses to grow sustainably.

The Group is committed to achieve Sustainable Supply Chain and we take responsibility to ensure that our business operations including our key suppliers adopt the best practice of procurement and management of supplies, insurance, and other aspects of operations related to our business sustainability. We implemented the Sustainable Procurement and Supplier Management Policy to ensure excellence in procurement with transparency, fairness, and alignment with best practices that represent the highest standards of quality, integrity and excellence. We respect the unique customs and cultures in communities where we operate. Our Sustainable Procurement and Supplier Management Policy are aligned with the RBA Code of Conduct framework.

The Group understands the importance of environmental risks in our value chain and we are committed to collaborating with environmentally responsible suppliers. We also recognise the importance of sustainable sourcing and procurement and is committed to responsible supply chain management practices, and developing a strong sustainable relationship with our suppliers; including labour practice, human rights, supplier diversity, environmental impact, data security and material sourcing. We actively collaborate with our suppliers to further our sustainable development efforts. We work with our suppliers to achieve a sustainable business ecosystem based on a philosophy of co-success.

We are committed to grow together with our suppliers by carefully managing the risks and opportunities of our supply chain and considering sustainability at every stage of selecting, operating, and evaluating suppliers. We adopt a risk-based supply chain management practice to ensure that our supply chain is sustainable and resilient. We believe our competitive advantage can be improved by our supplier capabilities. We help all suppliers to abide by our Supplier Code of Conduct and related guidelines, and to manage their work environment risks related to human rights, Environment, Health and Safety and ethics in compliance with local regulations and global standards. Our supply chain is committed to our Supplier Code of Conduct and comply with applicable laws and regulations. The Supplier Code of Conduct is aligned with the UN Global Compact Framework and RBA; and it is to mitigate any social, economic and environmental risks by setting the standards for our suppliers to conduct their business.

We seek to develop relationships with suppliers that share similar values and conduct business in an ethical manner. We are pleased to work with suppliers to ensure an understanding of and compliance with the requirements set forth in our Supplier Supply Chain Sustainability Guidelines:

(a) Compliance with the laws and regulations of all the countries where we operate including all the laws relating to the business related and non-business related transactions.

(b) Support fair employment practices consistent with our commitment to human rights in our workplace. Establish a strong and direct relationship with our employees through open and honest communications with fairness, dignity, and respect.

(c) Respect human rights without discrimination, harassment of any kind, abuse or other inhumane treatment including no child labour or forced labour; proper management of employees' work hours, breaks and holidays and prohibition of excessive overtime work; payment of the legally mandated minimum wage and to pay at least a living wage; and no inappropriate wage abatement; respect for employees' right.

(d) Recognise that climate change issues and conserve and protect the natural environment including reduce environmental negative impacts and prevent pollution.

(e) Conduct fair business transactions including prevent all corruption types; offer no bribes or illegal contributions.

(f) Ensure safe and healthy workplaces and maintain a good working environment.

(g) Ensure the quality and safety of products and services.

(h) Ensure accurate, timely and appropriate disclosure of information.

(i) Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information is to be safeguarded.

In the reporting period of FY2020, we achieved the following:

(a) Achieve sustainability qualification of our top 10 key suppliers based on total spend cost for each reporting segments.

CONCLUSION

The Group will continue to be committed to deliver value to all our stakeholders through sustaining growth in our businesses, protecting the environment, empowering lives of people and nurturing communities where we operate. We will also continue to build the Group on the foundation of responsible management, responsible innovations, responsible employees and responsible green production and inclusive society and communities. Based on our core values of integrity, commitment, innovation, and customer trust, we hold ourselves to the highest standards of corporate governance. We believe employees are its most important asset, and works actively to build a collaborative team with shared vision, balanced culture and positive values. We provide customers with the most advanced and comprehensive process technologies and services through continuous innovation, green production and sustainable supply chains friendly to the environment, and take action to give back to society.

Our report highlights the Group's products and services that contribute to our customers' sustainability goals, such as precision recycle cleaning, refurbishment, re-coatings for critical parts that extend the parts' life, products that prevent corrosion and conserve natural resources and other products and services that support the enhanced performance of wafer manufacturing processes. We also report on our efforts to ensure that we conduct our business in a socially responsible manner along with our entire value chain, from the materials we buy and the production method in which our products and services are used.

Our employees are continuously developing and producing products and services and/or working together with our customers to enable them to optimise the use of our technology. Our employees are critical to our sustained success. Our report explains our efforts to ensure the health and safety of our employees, and at the same time support their development and job satisfaction. We also recognise the important work we do to protect the communities where our employees live and work by ensuring that our production facilities adhere to rigorous environmental standards.

On behalf of the Board and Management of the Frontken Group, we would like to thank all our employees, partners and stakeholders who have been with us throughout our sustainability journey, especially during such a difficult period this year. We look forward to your continued engagement, partnership and support. On behalf of all of us at Frontken, we hope this report provides you with new insights into our business and the ways in which we embrace sustainability.

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements in accordance with the applicable approved accounting standards set out by Malaysian Accounting Standards Board, and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and to lay these before the Company at its Annual General Meeting.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year ended 31 December 2020.

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

The Board of Directors ("Board") of Frontken Corporation Berhad ("Company") implements high standards of corporate governance in the Company for the purpose of safeguarding the interest of its stakeholders including the Company's assets. In applying corporate governance best practices, the Board is mindful that the same should reflect transparency, accountability, ethical culture, sustainability and financial performance of the Group.

As such, the Board has embedded in the Group, a culture aimed at delivering a balance between conformance requirements and the need to deliver long-term strategic imperatives through performance, without compromising on personal or corporate ethics and integrity.

This Statement, which is issued pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), provides an overview of the Company's application of the 3 Principles set out in the Malaysian Code on Corporate Governance ("MCCG") for the financial year under review and up to the date of this report. Specific details on how the Company has applied each of the 36 Practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.frontken.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is collectively responsible to the Company's shareholders for the long-term success of the Group in terms of strategic direction, values and governance. The Board is led by experienced and knowledgeable Directors who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives.

The Directors are aware of their responsibility to take decisions objectively which promote the success of the Group for the benefits of its stakeholders. The role and responsibilities of the Board, which are delineated in the Board Charter is available on the Company's website at www.frontken.com and are summarised as follows:

- Set the strategic direction of the Group and monitor the implementation of strategies by Management;
- Oversee the conduct of the Company's business;
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
- Succession planning;
- Oversee the development and implementation of shareholders' communications policy for the Company;
- Review the adequacy and integrity of the management information and internal control system of the Company; and
- Set the Anti-Bribery and Corruption Policy ("ABC Policy") in line with section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Paragraph 15.29 of the MMLR of Bursa Securities.

The Board Charter is reviewed and updated from time to time as and when required, with the most recent review carried out in February 2019 and its amendments duly approved by the Board, to be in line with the Principles and Practices of the MCCG.

In discharging its stewardship role effectively, the Board has delegated and conferred some of its authority and powers to its Committees, namely the Audit Committee, Nomination Committee ("NC") and Remuneration Committee ("RC") ("Board Committees"). The Board Committees are entrusted with responsibilities to oversee specific aspects of the Company's affairs according to their respective terms of reference, approved by the Board, and to report to the Board their findings and recommendations. The decision to act on such recommendation lies solely with the Board.

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

I. BOARD RESPONSIBILITIES (CONT'D)

The Chairman of the Board, leads the Board in fulfilling its fiduciary and stewardship roles. The Board Charter sets out the Chairman's responsibilities as follows:

- Lead the Board in deliberating the business and affairs of the Company and its oversight of Management;
- Oversee the Board in discharging of its supervisory and stewardship role;
- Oversee an efficient organisation and conduct of Board's function and meetings;
- Facilitate the effective contribution by all Directors;
- Brief Directors in relation to issues arising at meetings;
- Promote constructive and respectful relations amongst Board members and between the Board and Management;
- Commit the time necessary to discharge effectively the designated Chairman roles; and
- Ensure regular and effective evaluation of the Board's performance.

In carrying out his role, the Chairman works with Senior Management, manages the Board, and promotes effective relations with stakeholders and the public.

The role of day-to-day management of the Group's business development and operations, including implementation of Board's policies and decisions, is helmed by the Chief Executive Officer, assisted by his fellow Executive Director. The Board is mindful of the dual role held by Mr Ng Wai Pin as the Board Chairman and Chief Executive Officer which is a departure from Practice 1.3 of the MCCG that states that the positions of Chairman and the Chief Executive Officer are to be held by different individuals. The Board is of the view that there is no concentration of power and authority, and that no one individual has unfettered powers for decision making, especially when the Board comprises a majority of Non-Executive Directors. Furthermore, such Non-Executive Directors are individuals of calibre, credibility and are free from any relationship which could materially interfere with the exercise of their objective judgement. These three (3) Non-Executive Directors (two (2) of whom are Independent Non-Executive) are capable of exercising objective and unbiased judgement to ensure fair and objective deliberations at Board meetings.

To enhance accountability, the Board has established clear functions reserved for itself and those delegated to the Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include the approval of annual budgets, quarterly and annual financial statements for announcement, investment and divestiture, as well as monitoring of the Group's financial and operating performance. Such delineation of roles is clearly set out in the Board Charter. Delegation of authorities has also been formalised to ensure a balance between operational efficiency and control over corporate and financial governance.

The Company has a Code of Conduct for its Directors and employees, available on the Company's website. The Board has also formalised in writing its Whistle Blowing Policies and Procedures and ABC Policy, including reporting templates, for employees to raise genuine concerns, without fear of reprisal, about possible improprieties on matters pertaining to financial reporting, compliance, fraud, corruption, malpractices and unethical business conduct within the Group. The Whistle Blowing Policies and Procedures and the ABC Policy have been uploaded on the Company's website at www.frontken.com.

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

I. BOARD RESPONSIBILITIES (CONT'D)

Directors have full access to the Company Secretaries, who are all members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), to provide advisory services to the Board, particularly on corporate governance issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters on meetings of the Board, Board Committees and shareholders.

As stipulated in the Board Charter, the Directors are required to devote sufficient time to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and/or Board Committees.

Continuous Professional Development

The Board encourages its members to enrol in appropriate continuing education programme to equip them to serve the interests of the Company. The Directors are updated by way of circulars on matters relating to changes to the MMLR and briefing by the Company Secretary(ies) at the Board Meeting following the changes.

All Directors have completed the Mandatory Accreditation Programme as required by the Main Listing Requirements of Bursa Securities. During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended or participated by the Directors are as follows:

Directors	Training/Seminar/Conference/Workshop
Ng Wai Pin	• Contractual issues in the Time of COVID-19 (webinar by Skrine) • UBS COVID-19 and impact on Forex • COVID-19: Navigating international contracts (Skrine) • UBS - Trumplomacy: Trade Relations, U.S. Elections and Impact on Malaysia • UBS Tech disruption: Riding ASEAN'S new economy boom • Fund Manager's Insights: An International Perspective • SEMI: Business Unusual: Journey to Recovery on E&E industry • UBS what tech economy means for you • Skrine: Practical Insights on Corporate Liability; 25 days later • SEMI: Economic & Geopolitical Uncertainties, Trade Tensions and Export Controls • Invest Malaysia 2020 - Economic Recovery: Policies & Opportunities • Bursa Malaysia Thematic Workshop on Corporate Liability Provision • Skrine: Corporate Liability under s17A MACC Act: Practical Insights from the UK Experience • Smart Focus - s17A MACC Act • IMKL 2020 Virtual Series 3v- Advancing Malaysia: 5G and Industry 4.0 • SEMI and Matrade: Semiconductor Market Outlook and virtual global trade shows • Maybank IB Future Tech Day • SC ESG Shariah Compliant Screening for Securities Industry Briefing • Forbes Asia CEO Webinar
Dr Tay Kiang Meng	• Understanding FTSE Russell's ESG Data Model Assessment to Climate Change Exposure and Introduction to Green Revenues 2.0 Data Model • OCBC's Insights and Perspective on Sustainable Finance • Bursa Sustainability Reporting Workshop for Practitioners
Dato' Haji Johar Bin Murat @ Murad	• Political Financing in Malaysia • Duties of Executors and Trustees: What you need to know • Digital Literacy for Seniors Programme

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

I. BOARD RESPONSIBILITIES (CONT'D)

Continuous Professional Development (Cont'd)

All Directors have completed the Mandatory Accreditation Programme as required by the Main Listing Requirements of Bursa Securities. During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended or participated by the Directors are as follows: (Cont'd)

Directors	Training/Seminar/Conference/Workshop
Ng Chee Whye	• Law Partnership - Safeguarding Your Organisation From Corporate Liability • SIDC - Opportunities in Derivatives Markets Explaining
Gerald Chiu Yoong Chian	• Anti-harassment • Private Equity Compliance Refresher • COVID and SEA consumers • Southeast Asia Private Equity: Market Status and Impact of COVID-19 • Southeast Asia PEVC Webinar • Rethink The Future: The end of the Industrial Order and the Coming Age of Freedom • Information Security • Environmental, Social and Governance training – Primer on UN Principles of Responsible Investing (UN PRI), and Dymon's obligations as a UN PRI signatory

II. BOARD COMPOSITION

The Board currently consists of five (5) members, comprising two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors, the composition of which accords with MMLR of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

The Non-Executive Directors, which comprise the majority of Board members, provide the necessary checks and balances in the Board's exercise of its functions by providing an objective and unbiased evaluation of the Board's decisions and decision-making process.

The Executive Directors are complemented by the experience and independent views of the Non-Executive Directors who are professionals in the field of finance, accounting, administration, strategic management, and research and development. The Board members possess a fair range of business, finance, administration, research and development, and legal experience. The mixed skills and experience are pivotal in directing and supervising the Group's overall business activities in light of the increasingly challenging economic and operating environment in which the Group operates. The profile of each Director is set out on pages 16 to 18 of the Company's 2020 Annual Report.

The NC is entrusted to assess the adequacy and appropriateness of the Board composition, identifying and recommending suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity, covering gender, age and ethnicity diversity, training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Board has the ultimate responsibility to decide on the appointment. This process ensures that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines the skill matrix to support the strategic direction and needs of the Company.

Based on the annual assessment conducted in March 2021, the NC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time and participation during the financial year under review, and recommended to the Board for the re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried by the NC in discharge of its functions were duly documented.

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

II. BOARD COMPOSITION (CONT'D)

At the end of the financial year under review, the Board has a Director, namely Dato' Haji Johar Bin Murat @ Murad, who has served for more than twelve (12) years as an Independent Non-Executive Director. The Board has assessed, via the NC, his independence and, accordingly, recommended him for shareholders' approval to continue to serve as Independent Non-Executive Director of the Company for the ensuing year. Apart from being satisfied that he fulfilled the criteria under the definition of Independent Non-Executive Director provided in the MMLR of Bursa Securities, the Board believes the following justifications are sufficient and appropriate for it to recommend his extension as Independent Non-Executive Director to be voted on at the forthcoming Annual General Meeting of the Company on a 2-tier voting process:

- He has demonstrated his commitment to the Company by attending all meetings of the Board and Board Committees of which he is a member;
- He brings with him vast experience and expertise to complement the competencies of the other Directors to enhance boardroom discussion and decision;
- He has been with the Company for more than twelve (12) years and accordingly, is familiar with the nuances and understands the Group's business operations; and
- He has exercised due care and diligence during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally and objectively in the interest of the Company and shareholders.

The NC has assessed the independence of the Independent Non-Executive Directors in March 2021 based on the criteria on independence adopted by the Board. Following the recommendation of the NC, the Board is of the opinion that the independence of the Independent Non-Executive Directors remained unimpaired and their judgement over business dealings of the Company were not influenced by the interest of the other Directors or substantial shareholders.

The Company does not have a specific policy for setting targets for gender, ethnic or age composition in the Board. The suitability of candidates is evaluated based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre.

A summary of key activities undertaken by the NC in discharging its duties during the financial year under review and up to the date of this Statement is set out below:

- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and recommended the re-election of retiring Directors, including the deliberation on an Independent Non-Executive Director whose tenure has exceeded twelve (12) years, the continuance of which requires shareholders' approval to be determined at the forthcoming Annual General Meeting;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Considered the training undertaken by the Directors; and
- Reviewed and assessed the term of office and performance of the Audit Committee and each of its members.

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

III. REMUNERATION

The Board has established a RC comprising three (3) members, the majority of whom are Independent Non-Executive Directors. The RC is entrusted by the Board to implement the policies and procedures on matters relating to the remuneration of the Board and Senior Management and making recommendations on the same to the Board for approval.

The Board has adopted the said policies as deliberated by the RC to determine the remuneration of Directors and Senior Management, which is aligned with the business strategy and long-term objectives of the Company. The Executive Directors and Senior Management are paid salaries, allowance, performance-based incentive, including bonus, and other customary benefits, as appropriate. The remuneration is set based on relevant market relativities, performance, qualifications, experience and geographic location where the personnel is based. The salary level for Executive Directors and Senior Management takes into account the nature of the role, performance of the business and the individual and market positioning.

The remuneration of Independent Non-Executive Directors comprises fees and meeting allowances. The Board ensures that the remuneration for Independent Non-Executive Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings.

The respective Directors are required to abstain from deliberation and voting on their own remuneration at Board Meetings.

Pursuant to the MMLR of Bursa Securities, the Company is required to disclose the remuneration received by its Directors, on a named basis, for the financial year under review from the Company and the Group, covering fees, salaries, bonuses, benefits-in-kind and others. Full details of such remuneration received by the Directors on a named basis are disclosed under Practice 7.1 of the Corporate Governance Report of the Company which is uploaded on the corporate website at www.frontken.com.

Meetings of the Board and Board Committees

During the financial year under review, the Board convened four (4) meetings whilst the Audit Committee, NC and RC held four (4), two (2) and one (1) meetings respectively. The attendance of the members at the said meetings is set out below:

Name of Director	Board	Audit Committee	NC	RC
Ng Wai Pin – Chairman of Board and RC and Chief Executive Officer	4/4	N/A	N/A	1/1
Dr Tay Kiang Meng – Executive Director	4/4	N/A	N/A	N/A
Dato' Haji Johar Bin Murat @ Murad – Independent Non-Executive Director and Chairman of Audit Committee and NC	4/4	4/4	2/2	1/1
Ng Chee Whye – Independent Non-Executive Director	4/4	4/4	2/2	1/1
Gerald Chiu Yoong Chian – Non-Independent Non-Executive Director	4/4	4/4	2/2	N/A

PRINCIPLE B – EFFECTVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising three (3) Non-Executive Directors, with Dato' Haji Johar Bin Murat @ Murad, an Independent Non-Executive Director, as the Committee Chairman. The Committee's composition, including its roles and responsibilities as well as a summary of its activities carried out during the financial year under review, are set out in the Audit Committee Report on pages 44 to 46 of this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in this aspect, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need for obtaining the Audit Committee's approval for such services.

To enhance transparency and governance, the Audit Committee has also formalised a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years if this person is sought to be appointed as an Audit Committee member.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance on efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines to achieve corporate objectives.

The Audit Committee assists the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The Audit Committee does this by deploying an independent outsourced internal audit function as well as an in-house internal audit function that conduct internal audit, with findings presented to the Audit Committee, including the remedial measures and action plans agreed by Management to address the matters so highlighted. For more details of Internal Audit, both for the outsourced and in-house functions, refer to the Statement on Risk Management and Internal Control which is included in the Company's 2020 Annual Report as well as the Corporate Governance Report that is made available on the Company's website at www.frontken.com.

The Audit Committee is responsible for overseeing the risk management framework and policies while Management of the respective business units and subsidiaries is tasked to manage business risks, including developing, implementing and monitoring mitigating measures to manage such risks to acceptable levels. Details of the Group's Risk Management framework, activities carried out for the financial year under review and reporting processes are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges that continuous communication between the Company and its stakeholders facilitates mutual understanding of each other's objectives and expectations. As such, the Board ensures the supply of clear, comprehensive and timely information to stakeholders by way of various disclosures and announcements, including quarterly and annual financial results which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company, which are disseminated according to the Company's Corporate Disclosure Policy, are available on the Company's website at www.frontken.com where shareholders, investors and the general public may access.

During the year, the Chairman has been actively engaging with institutional investors, analysts and fund managers (both locally and overseas) and carried out investors relations programme to keep the stakeholders abreast of the developments of the Group and answering their questions on the performance of the Group.

In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback.

II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for shareholder dialogue, allowing shareholders to review the Group's performance through the Company's Annual Report and pose questions to the Board for clarification.

At the 16th AGM held on 5 August 2020, all the Directors (including the two (2) Directors who are residing in Singapore participated in the AGM virtually) were present to engage directly with and were accountable to the shareholders for their stewardship of the Company. During the AGM, shareholders participated in deliberating resolutions being proposed whilst questions were raised by shareholders on the Group's operations in general, including emerging risks that the Group might be faced with. The Chairman of the Board and Senior Management responded appropriately to all questions raised and provided the necessary clarifications as required by the shareholders.

The Board has not adopted electronic voting as the last AGM was carried out physically and the voting for resolutions was expediently carried out by traditional balloting, supervised by an independent scrutineer.

The Board has set up the corporate website at www.frontken.com to encourage shareholders and investors to pose questions and queries to the Company. Questions and queries, if any, are attended to by the Company's Senior Management. In addition, the Board also encourages shareholders and other stakeholders to communicate with the Company through other channels, via post at Suite 301, Block F, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor, Malaysia, fax at (03) 7968 3316 or e-mail at ir@ frontken.com.

This Statement is dated 23 March 2021.

PURPOSE OF STATEMENT

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") states that a listed issuer must ensure that its Board of Directors issues a statement ("Statement on Risk Management and Internal Control" or "Statement") about the state of risk management and internal control of the listed issuer as a group. The Statement has to include adequate and meaningful information to enable shareholders and other stakeholders to make an informed assessment of the main features and adequacy of the listed issuer's risk management and internal control system as a group.

Accordingly, the Board of Directors ("Board") of Frontken Corporation Berhad ("Company") furnishes this Statement, which outlines the nature and scope of the system of risk management and internal control in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2020 and up to the date of approval of this Statement for inclusion in the Company's Annual Report. For the purpose of disclosure, this Statement has considered and, where pertinent, included the mandatory contents outlined in the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers", a publication of Bursa Securities, which sets out guidance to listed issuers in drafting the Statement.

BOARD'S RESPONSIBILITY ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board assumes its overall responsibility for the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and operating effectiveness of this system in meeting the Group's corporate objectives. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with the Principles, Practices and Guidance of the Malaysian Code on Corporate Governance ("MCCG"). As such, the Board acknowledges its principal responsibilities as outlined in the following Practices and Guidance of the MCCG insofar as risk management and internal control are concerned:

- Practice 1.1 and Guidance 1.1
    - The Board should:
        - ensure a sound framework for internal controls and risk management;
        - understand the principal risks of the Company's businesses and recognise that business decisions involve the taking of appropriate risks;
        - set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Practice 9.1
    - The Board should establish an effective risk management and internal control framework; and
- Practice 9.2
    - The Board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

The MCCG also stipulates that the Board should, in its disclosure, include a discussion on how key business risks covering finance, operations, regulatory compliance, reputation, cyber security and sustainability had been evaluated and the controls deployed to mitigate or manage those risks to acceptable levels.

In view of the inherent limitations in any system of risk management and internal control ("System"), the System is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives. The System can, therefore, only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraud.

BOARD'S RESPONSIBILITY ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

In applying Practice 9.1 of the MCCG, the Board has formalised an Enterprise Risk Management framework ("ERM Framework") that encompasses relevant policies and guidelines to streamline the Group's risk management imperatives in a structured and comprehensive manner to safeguard shareholders' investment and the Group's assets. This ERM Framework accords largely with the ISO31000:2018 Risk Management – Guidelines, which set out the key principles, framework and process on risk management. With this ERM Framework, the Board has established an on-going process to identify, evaluate, control, report and monitor significant business risks faced by the Group on an ongoing basis. The Board, through its Audit Committee, reviews the outcome of this process, including mitigating measures implemented by Management to address the key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

RISK MANAGEMENT FRAMEWORK – EXTENT OF COVERAGE

Risk management is embodied in the Group's key business processes through the ERM Framework, which sets out, amongst others, an easy-to-understand step-by-step approach to identify and evaluate risks faced by business units and, by extension, the Group. To harmonise risk management initiatives and activities, the Board has formalised in writing relevant risk management policies and guidelines for adherence by business units across the Group. The ERM Framework comprises a structured assessment process, culminating in the compilation of specific risk profiles of key business units and companies in the Group by Risk Management Units ("RMUs"), including the semi-annual update of risk profiles to take into account the vagaries of evolving business environment as well as emerging risks.

The individual risks are scored for their likelihood of occurrence and the impact thereof based on a '5 by 5' risk matrix, deploying parameters established for each key business unit or company in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated or quantified, as the case may be, in terms of likelihood of their occurrence and the impact thereof. The use of such metrics essentially articulates the Board's risk appetite, i.e. the extent of risk the Group is prepared to take or seek in achieving its business objectives.

Details of specific risks are documented in individual risk registers, covering the risk description, root causes, risk consequences, internal controls implemented by Management to address the root causes, Management's assessment of the effectiveness of internal controls and the residual risk rating, i.e. the balance of risk after considering the effects of internal controls deployed to manage the exposure. The action plans that Management has taken and/or is taking to mitigate the risks to acceptable levels are reported by the RMUs to the Audit Committee and the outcome is documented in the Audit Committee meeting minutes, including any comments that the Audit Committee may have. The Audit Committee is tasked to brief the Board the outcome of the risk update and mitigating measures deployed, including any significant issues therefrom. For each of the business risks identified, a risk owner is entrusted to ensure appropriate actions are taken to mitigate the risk to an acceptable level within specified timeline. The Risk Coordinator of the Group, when reviewing the risk update carried out by business units, enquires into the status of action plans undertaken by Management of the business units concerned before reporting to the Audit Committee. During the financial year under review, there were twenty-two (22) risks identified by the business units and they were mostly related to the impact of the COVID-19 pandemic such as health and safety of staff, disruption to supply, disruption to business operations due to travel restrictions and shortened working hours and logistics with the outcome reported by the Risk Coordinator to the Audit Committee and thereafter to the Board for further comments. The operations of the Group were not disrupted significantly by the COVID-19 pandemic and could operate as usual with minimal interruption. The business risks as identified encompassed risks on strategies, finance, operations, regulatory compliance, reputation, cyber security and sustainability.

INTERNAL CONTROL SYSTEM – THE KEY FEATURES

Besides those internal controls implemented by Management to mitigate the risks as mentioned above, the Group's internal control system also covers the following salient elements:

- an organisation structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority, including financial limits of authority in approving transactions and activities as well as mandate to operate bank accounts. This structure also sets out clear reporting lines and segregation of duties for key processes like strategic management, operations, sales and collections, procurement and payment, human resource management, capital expenditure, research and development, financial reporting, corporate affairs and investments;

- a process of hierarchical reporting which provides a documented and auditable trail of accountability, with appropriate sign-off by personnel entrusted with the responsibilities;

- an annual budgetary exercise that requires all business units and companies in the Group to formulate financial budgets which are then consolidated into a Group budget, presented to the Board for comments and ultimate approval. Quarterly reviews of the Group's performance against budget are carried out at Board meetings where explanations on significant variances or unusual fluctuations are furnished by Management. Management meetings at operational level are conducted to review financial performance against business plans and monitor the respective business unit's performance against budget;

- significant changes in business development are reported by Management to the Board at scheduled meetings. This oversight review enables the Board to evaluate and monitor the Group's business performance vis-à-vis its strategic objectives;

- the Audit Committee, which is entrusted by the Board to oversee, amongst others, the Company's financial reporting process, in particular the quarterly and annual announcements of the Group's financial performance, meets at least quarterly to review the announcements, seeks clarification and explanations from Management before recommending the announcements to the Board for approval;

- internal policies and procedures on key business processes are formalised in writing for application by personnel across the Group. These policies and procedures provide the necessary guidance to personnel on complying with internal control requirements and applicable laws and regulations;

- structured whistle-blower policies and procedures are formalised in writing to enable employees of the Group to raise genuine concerns about suspected improprieties on matters of financial reporting, non-compliance with laws and regulations, malpractices or unethical business conduct within the Group at the earliest opportunity and in an appropriate way without fear of reprisal; and

- where issues arise that affect the reliability and integrity of financial information of any business unit, special audits are commissioned by the Audit Committee or Senior Management, as the case may be, to assist the Board in fulfilling its oversight responsibilities.

INTERNAL AUDIT FUNCTION – ITS COMPOSITION AND SCOPE OF COVERAGE

The Group has two (2) groups of internal auditors, i.e. one covering the operations of the Group (save for Taiwan operations), and the other covering solely the Taiwan operations. The internal audit function of the Group (save for Taiwan operations) is outsourced to an independent professional firm, namely BDO Governance Advisory Sdn Bhd, whilst the internal audit function for the Taiwan operations is an in-house function, i.e. the internal audit personnel are employees of the subsidiary in Taiwan, namely Ares Green Technology Corporation ("AGTC").

The appointment of the outsourced internal audit service provider followed an assessment of its suitability and capability by the Audit Committee of the Company whilst the performance of the in-house internal audit function is under the oversight of AGTC's Board.

INTERNAL AUDIT FUNCTION – ITS COMPOSITION AND SCOPE OF COVERAGE (CONT'D)

Outsourced internal audit coverage – Group (save for Taiwan operations)

The outsourced internal audit team, which is helmed by an average of four (4) professionals from the firm, including the head of the team, Mr Karthigayan Supramaniam, who is a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors, Malaysia, conducted an assessment of the Group's system of internal control during the financial year under review, focusing on selected significant business units and reported its observations, including Management's response and action plans thereto, directly to the Audit Committee. The internal audit function also conducted a follow-up on the status of implementation of action plans by Management on the recommendations highlighted, as deemed relevant. The Audit Committee took note of the issues highlighted and questions were posed to Management on the timeliness of measures to address the issues as reported.

The internal audit plan for the financial year was prepared based largely on the Group's financial information and the relative risks of the business units to the achievement of the Group's business objectives. The outsourced internal audit function adopted a risk-based and process life cycle approach in identifying auditable entities within the Group as well as the auditable areas. This approach deployed aligns with the International Professional Practices Framework of the Institute of Internal Auditors Inc. ("IIA"), which encompasses, inter-alia, the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards for the Professional Practice of Internal Auditing, and the IIA Risk Based Internal Auditing Guidance. For the financial year ended 31 December 2020, the following two (2) business units in Malaysia, together with the identified processes, were selected for internal audit with the Audit Committee's concurrence:

Name of business unit	Processes covered by internal audit, addressing the key business risks therein
Frontken (Singapore) Pte Ltd	• Sales to receipts (including customer credit management and debt monitoring and collection) • Procure to pay (including vendor management) • Health, Safety and Environment
Frontken (East Malaysia) Sdn Bhd	• Sales to receipt (including debt monitoring) • Procure to pay (including vendor management) • Health, Safety and Environment

Internal audit tests were carried out by the internal audit function to assess the adequacy and operating effectiveness of the business units' system of internal controls in achieving corporate objectives. Transactions and activities were selected for testing on a sample basis. Due to travel restrictions under the Movement Control Order, the internal auditors have adapted the following to support the provision of assurance in the course of their audit:

- Remotely working to perform the audit, and what, if any, impact remote working has on the assessment of the control environment being considered and practicalities of how the audit would need to be undertaken. Obtained electronic documentation and requested evidence as far as possible in advance.

- Identified all key stakeholders per review and understand their availability during planned fieldwork dates. Scheduled time with individuals to undertake remote walkthrough, progress updates and to discuss emerging findings.

- Adopted the use of new technologies to deliver work, such as Zoom or Skype for virtual meetings. Recording such interactions to enhance internal audit evidence.

- Accelerated the deployment of analytics to deliver internal audit work remotely and focus on outliers.

Observations on systems weakness and areas for improvement, including recommended mitigating measures to address the concerns raised, were highlighted in internal audit reports presented to the Audit Committee during the financial year under review.

INTERNAL AUDIT FUNCTION – ITS COMPOSITION AND SCOPE OF COVERAGE (CONT'D)

In-house internal audit coverage (only Taiwan operations)

The in-house internal auditor, Miss Kelly Huang, who is an accounting graduate, has a working experience of not less than 20 years covering internal audit, external audit and finance function. Independent of the activities she audits, the in-house internal auditor is tasked to assess the adequacy and operating effectiveness of the system of internal control of AGTC, the Company's subsidiary helming the Taiwan operation. In carrying out her work, she adopted the internal audit guidelines from the Regulations Governing Establishment of Internal Control Systems by Public Companies issued by Taiwan Financial Supervisory Commission. The in-house internal auditor conducted an assessment of AGTC's system of internal control during the financial year under review, focusing on selected significant areas as approved by the Board of AGTC and reported her observations, including Management's response and action plans thereto, directly to the Board of AGTC. The in-house internal auditor also conducted a follow-up on the status of implementation of action plans by Management on the recommendations highlighted in previous reports. The Board of AGTC took note of the issues raised and questions were posed to Management on the timeliness of measures to address the concerns as reported.

The in-house internal audit plan for the financial year under review was prepared based largely on AGTC's financial information and the relative risks to the achievement of AGTC's business objectives. The in-house internal auditor adopted a process life cycle approach in identifying the auditable areas in AGTC. For the financial year ended 31 December 2020, the following areas were selected for internal audit with AGTC's Board's concurrence:

Business areas covered	Transactions/activities covered by internal audit, addressing the key business risks therein
Property, plant and equipment management	Acquisition, custody, repairs and maintenance, disposal, physical sighting, and insurance of assets.
Production management	Inventory and production costing Quality control, product composition labelling and scrap management
Sales and receipts management	Logistics management, order management, invoicing, discounts, returns, collections, credit control and receivables management
Purchases and payments management	Requisition, procurement, acceptance and inspection, payment and supplier management
Information technology management	System development and program modification, application controls, input/output integrity
Research and development management	Blueprint control, R&D operations, custody of documentation and prototype manufacturing and product testing
Computerised information processing system	Segregation of functions, system development & programme management, programme and data access controls, file and equipment security, maintenance of hardware and software, system recovery and information flow security inspection
Finance management	Authorisation, custody and usage of Company seal
Labour and wage management	Labour management, adequacy of trainings and functionary substitute system

The internal audit plan and a summary of the findings of the in-house internal auditor were shared with the Audit Committee of the Company for information and comments, if any.

For the financial year ended 31 December 2020, the Audit Committee of the Company as well as Board of AGTC reviewed the work of the internal audit functions, outsourced and in-house, as the case may be, their observations and recommendations in order to obtain assurance on the adequacy and operating effectiveness of the Group's risk management and internal control system. The total cost incurred by the Group for the internal audit functions (both in-house and outsourced) for the financial year under review amounted to approximately RM243,000 (2019: RM214,000).

INTERNAL AUDIT FUNCTION – ITS COMPOSITION AND SCOPE OF COVERAGE (CONT'D)

External Auditors

The external auditors, in the course of their statutory audit of the Group's financial statements, reviewed the Group's system of internal control to the extent of their planned reliance as laid out in their audit planning memorandum. Any significant deficiencies in internal controls identified during the audit, together with the improvement measures to strengthen internal controls, were reported in writing to the Audit Committee by the external auditors vide their presentation deck.

In assisting the Board to assess the adequacy and operating effectiveness of the Group's risk management and internal control system, the Audit Committee reviewed the observations raised by the internal and external auditors, as well as actions taken by Management to address the areas of concern for the financial year ended 31 December 2020. The Audit Committee reported to the Board the outcome of its engagement with the internal and external auditors concerning the adequacy and operating effectiveness of the Group's system of risk management and internal control.

BOARD'S COMMENTS ON THE ADEQUACY AND OPERATING EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, assisted by its Audit Committee, has reviewed the adequacy and operating effectiveness of the Group's risk management and internal control system, and that relevant actions have been or were being taken, as the case may be, to remedy the internal control weaknesses identified from the review.

The Board is of the view that the system of risk management and internal control, in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company, is sound and sufficient to safeguard shareholders' investment and the Group's assets. Whilst the Board is of the view that there were no material losses incurred during the financial year as a result of weaknesses in the risk management and internal control system, the Board believes that this system must continuously evolve to meet the changing business landscape and environment the Group operates in. Therefore, the Board continues to put in place action plans, as deemed appropriate, to strengthen the system of risk management and internal control from time to time towards achieving the Group's corporate objectives.

ASSURANCE BY THE GROUP CHIEF EXECUTIVE OFFICER AND GROUP CHIEF FINANCIAL OFFICER ON THE ADEQUACY AND OPERATING EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance in writing from the Group Chief Executive Officer and Group Chief Financial Officer stating that the Group's risk management and internal control system operated adequately and effectively, in all material aspects, for the financial year under review and up to the date of this Statement.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa Securities' Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Company's Annual Report for the financial year ended 31 December 2020. The external auditors have reported to the Board that, based on their review procedures performed and evidence obtained, nothing has come to their attention that caused them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues to be set out, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors dated 23 March 2021.

(A) COMPOSITION AND ATTENDANCE

Pursuant to Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company has established an Audit Committee, comprising the following members:

Name	Director	Position
Dato' Haji Johar Bin Murat @ Murad	Independent Non-Executive	Chairman of Audit Committee
Ng Chee Whye	Independent Non-Executive	Member
Gerald Chiu Yoong Chian	Non-Independent Non-Executive	Member

Members of the Audit Committee are appointed by the Board of Directors from amongst the Directors who fulfil the following requirements:

(a) the Audit Committee must comprise not less than three (3) members who are financially literate;

(b) all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Non-Executive Directors; and

(c) at least one (1) member of the Audit Committee:

(i) must be a member of the Malaysian Institute of Accountants;

(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience; and:

(aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
(bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

The Board assesses the performance of the Audit Committee in terms of its effectiveness and contribution of Audit Committee members on an annual basis to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference. The meeting attendance of the Audit Committee members is provided in the Corporate Governance Overview Statement in this Annual Report.

(B) MEETINGS

There were four (4) meetings held during the financial year under review. The Audit Committee met with the External Auditors privately once during the financial year under review without the presence of the Executive Directors and Management. At this meeting, the Audit Committee enquired into the cash control management by Management and confirmations obtained from banks.

Meetings of the Audit Committee are planned ahead so that the members can make the necessary arrangement to attend the meetings. The notice for the meetings, together with meeting papers, is normally served at least one (1) week before each meeting to enable Audit Committee members to read, including an opportunity for them to inquire into the agenda items as well as to seek more information before the meeting.

At each Board meeting, the Audit Committee Chairman briefs the Board pertaining to matters discussed at the Audit Committee meeting held earlier. A copy of the minutes of the Audit Committee meeting is circulated to the Board for notation.

(C) ROLES AND RESPONSIBILITIES

During the financial year under review, the terms of reference of the Audit Committee were revised to align with the Practices and Guidance promulgated by the Malaysian Code on Corporate Governance and the Main Market Listing Requirements of Bursa Securities, as the case may be. Full details of the Committee's terms of reference have been uploaded on the Company's website at www.frontken.com.

(D) AUTHORITY

The Audit Committee has the authority to:

- Investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Group which it requires in the course of performing its duties;
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities;
- Obtain independent professional or other advice, if deemed necessary; and
- Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

(E) SUMMARY OF ACTIVITIES CARRIED OUT DURING THE FINANCIAL YEAR

The principal activities undertaken by the Audit Committee during the financial year under review are summarised as follows:

- Reviewed the unaudited quarterly and year-end financial statements prior to recommending the same for the Board's approval, focusing particularly on significant and unusual events and compliance with applicable approved accounting standards and other legal requirements. To assist the Audit Committee in this process, the Chief Financial Officer of the Company provided explanations to elucidate on the fluctuations in Group's financial performance over the four financial quarters, including the financial position of the Group in terms of its cash flows for the quarters concerned;
- Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report and the Statement on Risk Management and Internal Control prior to recommending the same for Board's approval for inclusion in the Company's Annual Report;
- Reviewed the appointment of the External and Internal auditors, their independence and effectiveness, including their fees. The amount of fees paid or payable to the External Auditors of the Company or a firm or company affiliated to the External Auditors for the financial year under review in respect of non-audit services rendered to the Company and the Group amounted to approximately RM5,000 and RM10,000 respectively;
- Reviewed with the External Auditors their audit planning memorandum, comprising the scope of audit, areas of audit emphasis, audit approach and timetable;
- Met with the External Auditors on their audit report, Audit Review Memorandum and key audit matters;
- Reviewed the issues raised by the External Auditors pertaining to the audit carried out on the financial statements, including opportunities for improvement to internal controls based on observations made in the course of the audit;

(E) SUMMARY OF ACTIVITIES CARRIED OUT DURING THE FINANCIAL YEAR (CONT'D)

The principal activities undertaken by the Audit Committee during the financial year under review are summarised as follows: (Cont'd)

- Reviewed the adequacy of the scope, functions, competency and resources of the Internal Audit Function, and that it has the necessary authority to carry out its work;
- Reviewed and approved the Internal Audit Plan tabled by the outsourced independent Internal Audit Function, reviewed the scope of work coverage by the outsourced Internal Audit Function for the financial year under review, including the results of evaluation of adequacy of the internal control system, as well as Management's response to recommendations for improvement, on the reports from the outsourced Internal Audit Function;
- Noted the outcome of internal audit work and issues raised by the in-house Internal Auditor covering the Taiwan operations, including Management action plans;
- Briefed the Board the outcome of the meetings of the Audit Committee, covering largely the work and results of the External Auditors and Internal Audit Function, recurrent related party transactions, quarterly announcements and year-end financial statements as well as the risk management update of the Group;
- Reviewed the related party transactions within the Group;
- Reviewed the summary reports on risk management of the Group as presented by the Risk Management Units on the status of risks faced by the Group, including emerging risks, and action plans deployed to manage the risks concerned to acceptable levels. During the financial year under review, there were twenty-two (22) risk identified by the business units and they were mostly related to the impact of the COVID-19 pandemic such as health and safety of staff, disruption to supply, disruption to business operations due to travel restrictions and shortened working hours and logistics; and
- Evaluated the performance of the External Auditors in meeting the requirements of the Company before recommending to the Board for the tabling of their re-appointment at the Annual General Meeting for approval by shareholders.

The dates of Audit Committee meetings are pre-planned and communicated to the auditors in advance for them to prepare the Audit Review Memorandum, Audit Planning Memorandum, Internal Audit Plan and Internal Audit reports for presentation to the Audit Committee to meet the respective deadlines. The Audit Committee also noted the internal control deficiencies and/or areas of improvement identified by the Internal Audit Function and action plan for corrective actions or improvement by Management.

The Group has an in-house Internal Auditor who is based at the Company's subsidiary in Taiwan, namely Ares Green Technology Corporation, who conducts internal audit covering solely the Taiwanese operations. As for the Company and other subsidiaries, the Internal Audit Function is outsourced to an independent internal audit service provider, namely BDO Governance Advisory Sdn Bhd ("BDO"). The principal function of internal audit is to undertake systematic reviews of the internal control system within the Group in accordance with approved internal audit plan, so as to provide assurance that such a system is adequate and operating effectively as intended. The Internal Audit Function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee and provide recommendations for the improvement of the control procedures, so that remedial actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.

Details of internal audit activities, scope of coverage and cost incurred on the combined Internal Audit Function for the financial year under review, are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

At the last Audit Committee Meeting held in November 2020, the Audit Committee has approved the change of the outsourced independent internal audit service provider from BDO to Sterling Business Alignment Consulting Sdn Bhd ("SBAC") for internal audit for years 2021 and 2022 after deliberate consideration as a practice to rotate the outsourced internal auditors after an interval 2 completed cycles for each business units. With the recommendation of the Audit Committee, the Board has approved the change to SBAC.

This Report is dated 23 March 2021.

1. SHARE BUY-BACK

At the Sixteenth Annual General Meeting held on 5 August 2020, the shareholders of the Company granted authority to the Company to purchase its own shares provided that the aggregate number of shares purchased shall not exceed 10% of the total number of issued shares of the Company at the time of purchase.

There were no transactions carried out under the Company's share buy-back during the financial year.

As at 31 December 2020, the Company held 5,466,600 treasury shares out of its total number of issued shares of 1,053,435,130 ordinary shares. Such treasury shares were held at a carrying amount of RM663,237. There was no resale or cancellation of treasury shares during the financial year.

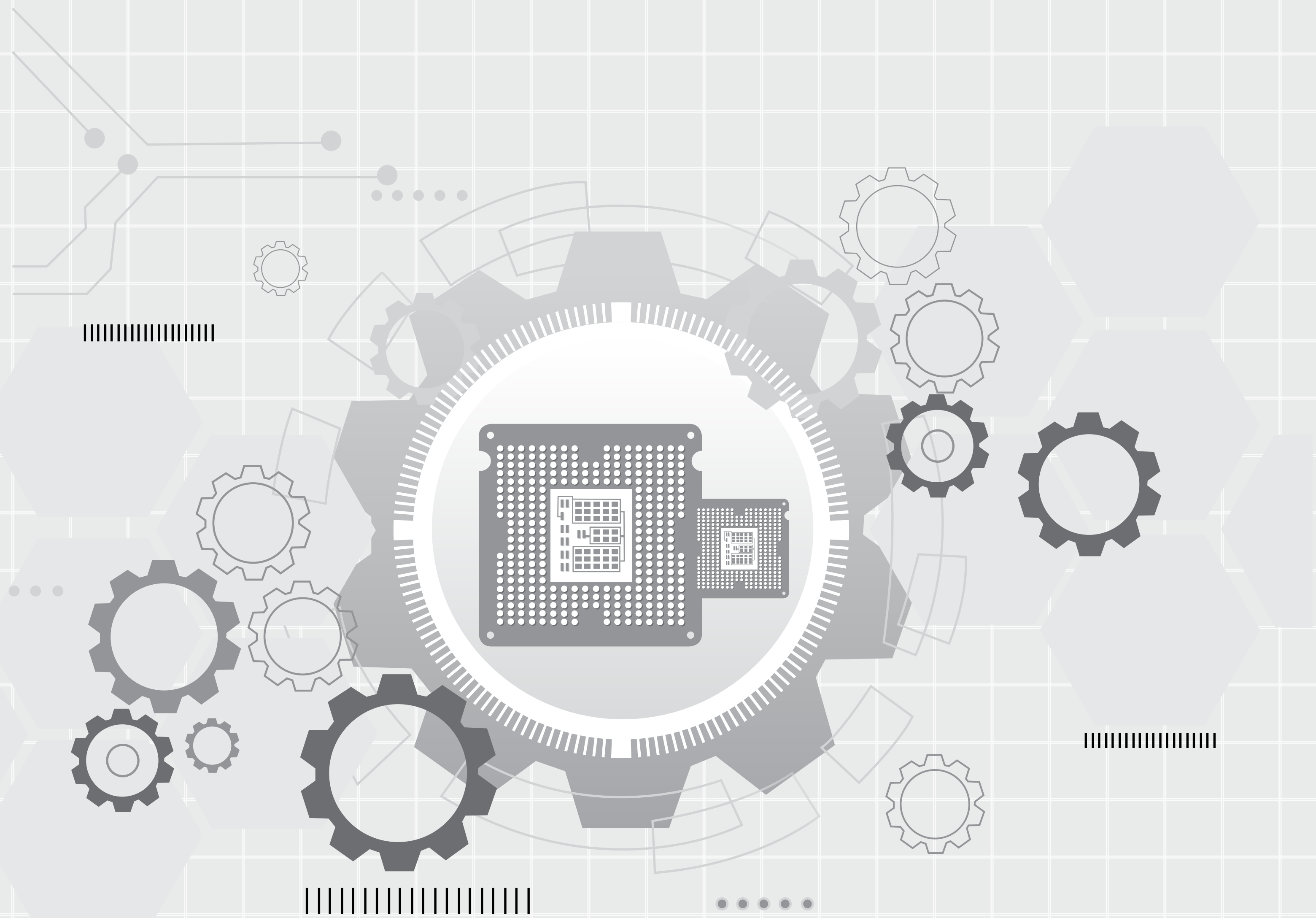
2. AUDIT FEES AND NON-AUDIT FEES

During the financial year, the audit fees paid or payable by the Company and the Group to our external auditors in respect of audit of the financial statements for the financial year ended 31 December 2020 amounted to approximately RM123,000 and RM562,000 respectively.

The non-audit fees paid or payable to a member firm of external auditors, Crowe Malaysia PLT by the Company and the Group during the financial year ended 31 December 2020 amounted to approximately RM5,000 and RM10,000 respectively.

3. MATERIAL CONTRACT

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors and/or major shareholders of the Company, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.



FINANCIAL STATEMENTS

The directors of **FRONTKEN CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

FINANCIAL RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	88,317,758	59,139,407
Attributable to:-		
Owners of the Company	81,967,529	59,139,407
Non-controlling interests	6,350,229	–
	88,317,758	59,139,407

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company are as follows:-

	RM
In respect of the financial year ended 31 December 2019	
- Second interim single-tier dividend of 1.5 sen per ordinary share on 1,047,968,530 ordinary shares, paid on 13 April 2020	15,719,528
In respect of the financial year ended 31 December 2020	
- First interim single-tier dividend of 1.2 sen per ordinary share on 1,047,968,530 ordinary shares, paid on 22 September 2020	12,575,622

On 23 February 2021, the Company declared and approved a second interim single-tier dividend of 2.8 sen per ordinary share on 1,047,968,530 ordinary shares, payable on 8 April 2021, in respect of the financial year ended 31 December 2020 amounting to RM29,343,118. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

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.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company did not purchase its issued ordinary shares from the open market. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from total equity.

As at 31 December 2020, the Company held 5,466,600 treasury shares at a carrying amount of RM663,237. The details on the treasury shares are disclosed in Note 22 to the financial statements.

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 FINANCIAL INFORMATION

Before the financial statements of the Group and of the Company were made out, 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 impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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 the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company; 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

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

OTHER FINANCIAL INFORMATION (CONT'D)

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

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

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

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

DIRECTORS

The following names of directors who served on the Board of the Company during the financial year and up to the date of this report:-

Ng Wai Pin
Dato' Haji Johar Bin Murat @ Murad
Dr. Tay Kiang Meng
Chiu Yoong Chian Gerald
Ng Chee Whye

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Hee Kok Hiong
Sia Chiok Meng
Lee Boon Tian
Mohd. Shukri Bin Hitam
Fauziah Binti Hamlawi
George I.Lagos
Andres Seno, Jr.
Glenn A.Lagos
Jolene Chay
Wong Chee Wai
Mok Siew Wai (Resigned on 8 July 2020)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Shares in the Company				
Direct Interests				
Ng Wai Pin	6,592,900	370,000	(250,000)	6,712,900
Dr. Tay Kiang Meng	9,404,808	–	–	9,404,808
Ng Chee Whye	–	20,000	–	20,000
Indirect Interests				
Ng Wai Pin[1]	290,991,473	–	(77,100,000)	213,891,473
Ng Chee Whye[2]	125,720	–	–	125,720

1 Deem interested by virtue of his direct substantial shareholding in Dazzle Clean Ltd.
2 Deem interested through spouse's shareholding in the Company.

By virtue of his shareholdings in the Company, Ng Wai Pin is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

Save as disclosed above, the other directors holding office at the end of the financial year had no interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 17 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 8 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 31 to the financial statements.

SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 8 to the financial statements.

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

NG WAI PIN

DATO' HAJI JOHAR BIN MURAT @ MURAD

23 March 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frontken Corporation Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial 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 of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Goodwill on Consolidation

Refer to Note 14 to the financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group has goodwill of approximately RM33.8 million comprised within the 3 cash-generating units ("CGU"). For the CGUs which comprised goodwill, the determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use, requires judgement on the part of management in identifying and then valuing the relevant CGUs. The value-in-use models used to assess the risk of impairment are based on assumptions including revenue forecasts, gross and operating margins and discount rates, all of which are country-specific. We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, profit margins, discount rates and terminal value.	Our procedures included, amongst others:- a) Making enquiries of and challenging the management on the key assumptions made, including:- i. the achievement of the business plan; and ii. sales growth, operating margin, discount rates and long-term growth rates; b) Performing sensitivity analysis on key assumptions and agreeing with management's conclusion to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired; and c) Assessing the adequacy of disclosure of goodwill in the financial statements.

Key Audit Matters (Cont'd)

Recoverability of Trade Receivables Refer to Note 17 to the financial statements.	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The trade receivables of the Group amounted to approximately RM103 million and it constituted 23% of the total current assets of the Group. We focused on this area due to the outstanding receivable balances which exceeded the credit term of 90 days granted by the Group. The total outstanding balances which exceeded the credit term amounted to approximately RM18.3 million is considered to be of a major credit risk. The assessment of recoverability of these outstanding receivables involved judgement and estimation of uncertainty by Management.	Our procedures included, amongst others:- a) Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy and historical data from the Group's previous collection experience; b) Reviewing the Group's subsequent collection after the financial year for major receivables; c) Reviewing the expected credit loss assessment by challenging whether the historic experience is representative of the current circumstances and of recent losses incurred in the receivables and assessing the reasonableness of forward-looking adjustments; and d) Assessing the adequacy of disclosure in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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:-

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ngiam Mia Teck
03000/07/2022 J
Chartered Accountant

Kuala Lumpur

23 March 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Revenue	5	368,319,464	339,911,215	65,821,156	28,588,423
Cost of sales		(202,947,457)	(191,805,811)	–	–
Gross profit		165,372,007	148,105,404	65,821,156	28,588,423
Other income		11,025,441	3,888,752	600,929	604,127
Administrative expenses		(50,434,081)	(43,908,541)	(6,208,955)	(5,424,522)
Other expenses		(10,841,806)	(11,070,833)	(82,899)	(243,507)
Finance costs	6	(666,716)	(755,525)	(4,848)	(9,480)
Net impairment losses on financial assets	7	(202,171)	2,200	–	271,455
Profit before tax	8	114,252,674	96,261,457	60,125,383	23,786,496
Income tax expense	9	(25,934,916)	(22,033,109)	(985,976)	(514,228)
Profit after tax		88,317,758	74,228,348	59,139,407	23,272,268
Other comprehensive income, net of tax					
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Actuarial (loss)/gain		(74,211)	4,334	–	–
Items that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		10,211,008	2,261,473	–	–
Total comprehensive income for the financial year		98,454,555	76,494,155	59,139,407	23,272,268
Profit after tax attributable to:-					
Owners of the Company		81,967,529	69,170,350	59,139,407	23,272,268
Non-controlling interests		6,350,229	5,057,998	–	–
		88,317,758	74,228,348	59,139,407	23,272,268
Total comprehensive income attributable to:-					
Owners of the Company		91,213,507	71,290,923	59,139,407	23,272,268
Non-controlling interests		7,241,048	5,203,232	–	–
		98,454,555	76,494,155	59,139,407	23,272,268
Earnings per ordinary share attributable to owners of the Company					
Basic (sen)	10	7.82	6.60		
Diluted (sen)	10	7.82	6.60		

The accompanying Notes form an integral part of these Financial Statements.

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	121,687,511	125,735,869	2,301	2,177
Right-of-use assets	12	17,309,864	19,730,568	–	94,956
Investments in subsidiaries	13	–	–	144,332,559	143,556,689
Goodwill on consolidation	14	33,760,856	33,760,856	–	–
Deferred tax assets	15	2,602,639	2,295,497	–	–
Total Non-Current Assets		175,360,870	181,522,790	144,334,860	143,653,822
Current Assets					
Inventories	16	19,976,192	15,101,449	–	–
Trade receivables	17	103,137,347	86,299,711	–	–
Other receivables, deposits and prepaid expenses	17	7,531,333	7,380,110	25,467	79,779
Amount owing by subsidiaries	18	–	–	28,788,798	162,000
Current tax assets		75,147	–	–	–
Short-term investments	19	8,332,527	10,684,259	3,302,234	9,219,642
Fixed deposits with licensed banks	20	13,389,638	17,575,702	–	–
Cash and bank balances		290,468,269	197,161,206	6,834,025	2,302,262
Total Current Assets		442,910,453	334,202,437	38,950,524	11,763,683
Total Assets		618,271,323	515,725,227	183,285,384	155,417,505

The accompanying Notes form an integral part of these Financial Statements.

		The Group		The Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	21	118,925,352	118,925,352	118,925,352	118,925,352
Treasury shares	22	(663,237)	(663,237)	(663,237)	(663,237)
Reserves	23	321,732,849	258,709,709	60,582,527	29,738,270
Equity attributable to owners of the company		439,994,964	376,971,824	178,844,642	148,000,385
Non-controlling interests	13	27,039,261	21,776,257	–	–
Total Equity		467,034,225	398,748,081	178,844,642	148,000,385
Non-Current Liabilities					
Lease liabilities	24	9,532,412	11,930,743	–	–
Other payables	25	2,845,851	2,714,783	–	–
Deferred tax liabilities	15	447,902	407,841	–	–
Total Non-Current Liabilities		12,826,165	15,053,367	–	–
Current Liabilities					
Trade payables	25	18,830,813	16,889,347	–	–
Other payables and accrued expenses	25	99,155,375	67,123,212	4,440,742	3,888,523
Amount owing to subsidiaries	18	–	–	–	3,431,325
Term loans	26	–	843,865	–	–
Lease liabilities	24	2,795,816	3,033,211	–	97,272
Current tax liabilities		17,628,929	14,034,144	–	–
Total Current Liabilities		138,410,933	101,923,779	4,440,742	7,417,120
Total Liabilities		151,237,098	116,977,146	4,440,742	7,417,120
Total Equity and Liabilities		618,271,323	515,725,227	183,285,384	155,417,505

The accompanying Notes form an integral part of these Financial Statements.

The Group	Share capital RM	Treasury shares RM	Non-distributable: Foreign currency translation reserve RM	Non-distributable: Statutory reserve RM	Distributable: Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total Equity RM
Balance at 1 January 2019	118,925,352	(663,237)	27,672,528	9,110,850	169,995,037	325,040,530	19,603,901	344,644,431
Initial application of MFRS 16	–	–	–	–	(53,139)	(53,139)	–	(53,139)
Balance at 1 January 2019 (restated)	118,925,352	(663,237)	27,672,528	9,110,850	169,941,898	324,987,391	19,603,901	344,591,292
Other comprehensive income recognised for the financial year:								
- defined benefit plan actuarial gain	–	–	–	–	11,323	11,323	(6,989)	4,334
- foreign currency translation differences	–	–	2,109,250	–	–	2,109,250	152,223	2,261,473
Profit after tax for the financial year	–	–	–	–	69,170,350	69,170,350	5,057,998	74,228,348
Total comprehensive income for the financial year	–	–	2,109,250	–	69,181,673	71,290,923	5,203,232	76,494,155
Contributions by and distributions to owners of the Company:								
- Dividends:								
- by the Company	–	–	–	–	(18,863,433)	(18,863,433)	–	(18,863,433)
- by subsidiaries to non-controlling interests	–	–	–	–	–	–	(836,952)	(836,952)
- Transfer to statutory reserve	–	–	–	3,897,777	(3,897,777)	–	–	–
- Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	(443,057)	(443,057)	(2,193,924)	(2,636,981)
Balance at 31 December 2019	118,925,352	(663,237)	29,781,778	13,008,627	215,919,304	376,971,824	21,776,257	398,748,081

The accompanying Notes form an integral part of these Financial Statements.

The Group	Share capital RM	Treasury shares RM	Non-distributable: Foreign currency translation reserve RM	Non-distributable: Statutory reserve RM	Distributable: Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total Equity RM
Balance at 1 January 2020	118,925,352	(663,237)	29,781,778	13,008,627	215,919,304	376,971,824	21,776,257	398,748,081
Other comprehensive income recognised for the financial year:								
- defined benefit plan actuarial loss	–	–	–	–	(68,321)	(68,321)	(5,890)	(74,211)
- foreign currency translation differences	–	–	9,314,299	–	–	9,314,299	896,709	10,211,008
Profit after tax for the financial year	–	–	–	–	81,967,529	81,967,529	6,350,229	88,317,758
Total comprehensive income for the financial year	–	–	9,314,299	–	81,899,208	91,213,507	7,241,048	98,454,555
Contributions by and distributions to owners of the Company:								
- Dividends:								
- by the Company	–	–	–	–	(28,295,150)	(28,295,150)	–	(28,295,150)
- by subsidiaries to non-controlling interests	–	–	–	–	–	–	(1,097,391)	(1,097,391)
- Transfer to statutory reserve	–	–	–	4,695,675	(4,695,675)	–	–	–
- Striking off of subsidiary	–	–	34,327	–	(34,327)	–	–	–
- Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	104,783	104,783	(880,653)	(775,870)
Balance at 31 December 2020	118,925,352	(663,237)	39,130,404	17,704,302	264,898,143	439,994,964	27,039,261	467,034,225

The accompanying Notes form an integral part of these Financial Statements.

The Company	Share capital RM	Treasury shares RM	Distributable Retained earnings RM	Total Equity RM
Balance at 1 January 2019	118,925,352	(663,237)	25,329,435	143,591,550
Profit after taxation/Total comprehensive income for the financial year	–	–	23,272,268	23,272,268
Contribution by and distributions to owners of the Company:				
- Dividend	–	–	(18,863,433)	(18,863,433)
Balance at 31 December 2019	118,925,352	(663,237)	29,738,270	148,000,385
Balance at 1 January 2020	118,925,352	(663,237)	29,738,270	148,000,385
Profit after taxation/Total comprehensive income for the financial year	–	–	59,139,407	59,139,407
Contribution by and distributions to owners of the Company:				
- Dividend	–	–	(28,295,150)	(28,295,150)
Balance at 31 December 2020	118,925,352	(663,237)	60,582,527	178,844,642

The accompanying Notes form an integral part of these Financial Statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2020

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before tax	114,252,674	96,261,457	60,125,383	23,786,496
Adjustments for:				
Depreciation of property, plant and equipment	15,274,424	15,777,521	1,505	17,205
Depreciation of right-of-use assets	3,149,038	2,040,669	94,956	94,956
Interest expense	666,716	755,525	4,848	9,480
Unrealised loss/(gain) on foreign exchange	612,699	(81,588)	244,238	20,673
Allowance for impairment losses on trade receivables	202,171	–	–	–
Property, plant and equipment written off	180,304	35	–	–
Gain on lease modification	(725)	–	–	–
Interest income	(1,249,835)	(1,150,023)	(301,006)	(455,564)
Gain on disposal of property, plant and equipment	(1,555,110)	(14,417)	–	–
Writeback of allowance for impairment losses on amount owing by a subsidiary	–	–	–	(271,455)
Writeback of allowance for impairment losses on trade receivables	–	(2,200)	–	–
Dividend income from subsidiaries	–	–	(65,771,356)	(28,541,623)
Operating Profit/(Loss) Before Working Capital Changes	131,532,356	113,586,979	(5,601,432)	(5,339,832)
(Increase)/Decrease in:				
Inventories	(4,402,509)	(1,274,623)	–	–
Trade receivables	(14,864,868)	20,924,616	–	–
Other receivables and prepaid expenses	(87,320)	(564,806)	54,312	(3,691)
Increase/(Decrease) in:				
Trade payables	1,398,854	(1,313,328)	–	–
Other payables and accrued expenses	29,036,331	3,319,226	552,219	503,145
Cash Generated From/(For) Operations	142,612,844	134,678,064	(4,994,901)	(4,840,378)
Taxes paid	(22,879,468)	(19,777,287)	–	–
Net Cash From/(For) Operating Activities	119,733,376	114,900,777	(4,994,901)	(4,840,378)

The accompanying Notes form an integral part of these Financial Statements.

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Repayment from subsidiaries	–	–	–	271,455
Purchase of property, plant and equipment	(7,741,085)	(7,016,576)	(1,629)	–
Addition of right-of-use assets	(680)	(15,434)	–	–
Dividend received from subsidiaries	–	–	36,158,583	28,038,195
Additional investment in an existing subsidiary (Note 13)	(775,870)	(2,636,981)	(775,870)	(2,636,981)
Proceeds from disposal of property, plant and equipment	2,005,346	14,901	–	–
Net (placement)/withdrawal of fixed deposits with licensed banks	(6,637,216)	(3,608,920)	–	–
Interest received	1,249,835	1,150,023	301,006	455,564
Net Cash (For)/From Investing Activities	(11,899,670)	(12,112,987)	35,682,090	26,128,233
CASH FLOWS FOR FINANCING ACTIVITIES				
Decrease in amount owing to subsidiaries (Note 30(a))	–	–	(3,431,325)	(4,851,365)
Drawdown of term loan	1,429,690	–	–	–
Repayment of term loans (Note 30(a))	(2,272,639)	(10,677,444)	–	–
Interest paid	(666,716)	(755,525)	(4,848)	(9,480)
Dividend paid by the Company (Note 27)	(28,295,150)	(18,863,433)	(28,295,150)	(18,863,433)
Dividend paid by a subsidiary to non-controlling interests	(756,391)	(1,048,152)	–	–
Payment of lease liabilities	(3,387,979)	(2,366,158)	(97,272)	(92,640)
Net Cash For Financing Activities	(33,949,185)	(33,710,712)	(31,828,595)	(23,816,918)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	73,884,521	69,077,078	(1,141,406)	(2,529,063)
Effect of exchange rate changes	6,247,530	1,651,600	(244,239)	(59,241)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	219,668,745	148,940,067	11,521,904	14,110,208
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 30(b))	299,800,796	219,668,745	10,136,259	11,521,904

Notes:-

In the current financial year, the Group acquired right-of-use assets at an aggregate cost of RM668,642 (2019 : RM3,162,097), of which RM149,080 (2019 : RM129,434) was acquired under hire-purchase arrangements.

The accompanying Notes form an integral part of these Financial Statements.

1. GENERAL INFORMATION

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

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The registered office of the Company is located at B-11-10, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at Suite 301, 3rd Floor, Block F, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 23 March 2021.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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

2.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical Accounting Estimates And Judgements

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates And Judgements (Cont'd)

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(i) Impairment of Goodwill on Consolidation

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of goodwill as at the reporting date is disclosed in Note 14 to the financial statements.

(ii) Impairment of Property, Plant and Equipment and Right-Of-Use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 11 and 12 to the financial statements respectively.

(iii) Depreciation of Property, Plant and Equipment and Right-Of-Use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 11 and 12 to the financial statements respectively.

(iv) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amounts of current tax asset and liabilities of the Group as at the reporting date are RM75,147 and RM17,628,929 (2019: nil and RM14,034,144) respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates And Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(v) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 15 to the financial statements.

(vi) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 17 to the financial statements.

(vii) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 16 to the financial statements.

(viii) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 17 and 18 to the financial statements respectively.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating Segments

Operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Revenue from Contracts with Customers and Other Income

(i) Revenue from Contracts with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of goods or services at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of Services

Revenue from services is recognised at a point in time in which the services have been rendered to a customer. Following the rendered of services, the Group has a present right to payment for the services rendered and the customer has obtained the remaining benefits from the services.

(ii) Management Fee

Management fee is recognised on an accrual basis.

(iii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue from Contracts with Customers and Other Income (Cont'd)

(iv) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(v) Lease Income

Lease income is recognised on an accrual basis over the lease term.

Income Taxes

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(iii) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government Grants

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

Grants that compensate the Group for expenses incurred are recognised in profit or loss over the periods necessary to match the grants with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss or a deduction in reporting the related expenses in profit or loss.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Defined Benefit Plans

The liability or asset recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The present value of the defined benefit obligation is calculated using the projected unit credit method by independent actuaries annually, determined by discounting the estimated future benefits that employees have earned in the current and prior periods, using market yields of private corporate debt securities which have currency and terms to maturity approximating the terms of the related obligation.

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 reporting period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss under the staff costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to 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 or losses on the settlement of a defined benefit plan when the settlement occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. 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 is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional and Foreign Currencies (Cont'd)

(iii) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

- Amortised Cost

  The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

  The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that 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 financial asset or a shorter period (where appropriate).

- Fair Value through Other Comprehensive Income

  The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

- Fair Value through Profit or Loss

  All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(ii) Financial Liabilities

- Financial Liabilities at Fair Value through Profit or Loss

  Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

- Other Financial Liabilities

  Other financial liabilities are subsequently measured 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 a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

- Ordinary Shares

  Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

  Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

- Treasury Shares

  When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

  Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

  Where treasury shares are cancelled, their costs are transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at cost less impairment losses, if any and is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	25 - 50 years
Long-term leasehold buildings	60 years
Factory and office renovation	5% - 10%
Plant and machinery	10% - 20%
Workshop tools	10% - 20%
Office equipment	10% - 80%
Furniture and fittings	10% - 33.3%
Motor vehicles	10% - 20%
Computers	33.3% - 85.7%

Capital work-in-progress is stated at cost. Cost comprises the direct expenditure incurred on the construction and commissioning of the capital asset. Capital work-in-progress is not depreciated until its completion and availability for commercial use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

Impairment

(i) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

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 always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises 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 fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method 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 Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

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 Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposit, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

The Group excluded deposits pledged to financial institutions from cash and cash equivalents for the purpose of the statements of cash flows.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair Value Measurements

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 a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability 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 transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4. OPERATING SEGMENTS

The Group has one reportable segment as the Group is principally engaged in one business segment which is the provision of engineering services.

The Group Chief Executive Officer (the chief operating decision maker) review internal management report at least on a quarterly basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group is organised into the following geographical segments:
- Malaysia
- Singapore
- Philippines
- Taiwan
- Indonesia

4. OPERATING SEGMENTS (CONT'D)

The Group 2020	Geographical segment Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Indonesia RM	Elimination RM	Reportable segment Total RM
Revenue							
External revenue	51,775,499	59,666,382	15,701,992	240,504,415	671,176	–	368,319,464
Inter-segment revenue	4,641,614	436,131	43,024	274,301	–	(5,395,070)	–
Total revenue	56,417,113	60,102,513	15,745,016	240,778,716	671,176	(5,395,070)	368,319,464
Results							
Segment profit/(loss) before interest and tax	73,414,436	25,184,177	2,564,394	83,125,559	(604,878)	(70,014,133)	113,669,555
Interest income							1,249,835
Finance costs							(666,716)
Profit before tax							114,252,674
Income tax expense							(25,934,916)
Profit after tax							88,317,758

4. OPERATING SEGMENTS (CONT'D)

The Group 2020	Geographical segment Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Indonesia RM	Elimination RM	Reportable segment Total RM
Assets							
Non-current assets							
- Property, plant and equipment	13,200,731	20,383,667	1,167,088	85,906,828	1,029,197	–	121,687,511
- Right-of-use assets	6,374,980	7,593,496	1,910,562	674,018	756,808	–	17,309,864
- Deferred tax assets	–	149,036	3,724	2,449,879	–	–	2,602,639
- Goodwill	33,760,856	–	–	–	–	–	33,760,856
Tax assets	75,147	–	–	–	–	–	75,147
Current assets	44,334,918	97,626,470	20,769,074	279,880,648	631,849	(407,653)	442,835,306
Consolidated total assets							618,271,323
Liabilities							
Tax liabilities	582,828	4,611,480	23,695	12,858,828	–	–	18,076,831
Segment liabilities	21,395,314	36,989,797	7,460,801	100,248,088	9,393,855	(42,327,588)	133,160,267
Consolidated total liabilities							151,237,098
Other Information							
Capital expenditure	341,456	151,412	18,150	7,379,147	–	–	7,890,165
Depreciation	3,091,430	4,072,880	1,721,929	9,280,634	256,589	–	18,423,462
Other non-cash items							
- income	1,552,264	–	–	2,846	–	–	1,555,110
- expenses	264,208	257,316	27,160	277,841	168,649	–	995,174

4. OPERATING SEGMENTS (CONT'D)

The Group	Geographical segment						Reportable segment
	Malaysia	Singapore	Philippines	Taiwan	Indonesia	Elimination	Total
	RM	RM	RM	RM	RM	RM	RM
2019							
Revenue							
External revenue	64,033,727	69,809,581	15,951,131	189,189,128	927,648	–	339,911,215
Inter-segment revenue	6,121,145	965,291	181,809	298,809	–	(7,567,054)	–
Total revenue	70,154,872	70,774,872	16,132,940	189,487,937	927,648	(7,567,054)	339,911,215
Results							
Segment profit/(loss) before interest and tax	41,010,777	24,015,467	2,377,769	57,064,876	(164,433)	(28,437,497)	95,866,959
Interest income							1,150,023
Finance costs							(755,525)
Profit before tax							96,261,457
Income tax expense							(22,033,109)
Profit after tax							74,228,348

4. OPERATING SEGMENTS (CONT'D)

The Group 2019	Geographical segment Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Indonesia RM	Elimination RM	Reportable segment Total RM
Assets							
Non-current assets							
- Property, plant and equipment	15,468,204	23,741,235	1,746,343	83,466,190	1,313,897	–	125,735,869
- Right-of-use assets	7,176,411	8,176,488	2,852,025	745,020	780,624	–	19,730,568
- Deferred tax assets	–	–	8,006	2,287,491	–	–	2,295,497
- Goodwill	33,760,856	–	–	–	–	–	33,760,856
Current assets	18,336,552	97,125,488	19,420,525	179,957,753	801,828	18,560,291	334,202,437
Consolidated total assets							515,725,227
Liabilities							
Tax liabilities	1,021,450	4,451,206	39,406	8,929,923	–	–	14,441,985
Segment liabilities	25,837,938	16,771,503	6,024,021	68,060,094	9,499,629	(23,658,024)	102,535,161
Consolidated total liabilities							116,977,146
Other Information							
Capital expenditure	1,208,275	943,251	96,661	4,891,544	6,279	–	7,146,010
Depreciation	3,205,675	4,476,054	881,613	8,999,096	255,752	–	17,818,190
Other non-cash items							
- income	778,781	9,112	–	–	211,358	–	999,251
- expenses	405,795	175,983	148,277	171,026	–	–	901,081

4. OPERATING SEGMENTS (CONT'D)

Other significant non-cash expenses/(income) consists of the following:-

	The Group	
	2020 RM	2019 RM
Allowance for impairment losses on receivables	202,171	–
Unrealised loss on foreign exchange	612,699	901,046
Property, plant and equipment written off	180,304	35
	995,174	901,081
Writeback of allowance for impairment losses on trade receivables	–	(2,200)
Gain on disposal of property, plant and equipment	(1,555,110)	(14,417)
Unrealised gain on foreign exchange	–	(982,634)
	(1,555,110)	(999,251)

Major customers

The major customers with revenue equal to or more than 10% of the Group's total revenue are as follows:-

	Revenue		Segment
	2020 RM	2019 RM	
Customer 1	132,942,937	103,684,268	Taiwan

5. REVENUE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Provision of services	341,429,815	305,136,879	–	–
Sale of goods	26,889,649	34,774,336	–	–
Dividend income from subsidiaries	–	–	65,771,356	28,541,623
Management fee from subsidiaries	–	–	49,800	46,800
	368,319,464	339,911,215	65,821,156	28,588,423

The revenue represents sales which were recognised at a point in time.

6. FINANCE COSTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:-				
Term loans	12,780	89,799	–	–
Lease liabilities	653,936	665,726	4,848	9,480
	666,716	755,525	4,848	9,480

7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Impairment losses:				
- trade receivables	(202,171)	–	–	–
Writeback of impairment losses:				
- trade receivables	–	2,200	–	–
- amount owing by subsidiaries	–	–	–	271,455
	(202,171)	2,200	–	271,455

8. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging) the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income from third parties	1,249,835	1,150,023	301,006	455,564
Gain on disposal of short-term investments	66,846	45,867	66,846	34,962
Gain on disposal of property, plant and equipment	1,555,110	14,417	–	–
Lease income from property, plant and equipment	548,036	408,851	–	–
Auditors' remuneration:				
- audit fee				
- current financial year				
- auditors of the Company	(185,000)	(209,500)	(120,000)	(111,000)
- other auditors	(369,097)	(345,167)	–	–
- underprovision in the previous financial year				
- auditors of the Company	(5,000)	(1,000)	(3,000)	–
- other auditors	(3,048)	(600)	–	–
- non-audit fee				
- auditors of the Company	(5,000)	(5,000)	(5,000)	(5,000)
- member firms of the auditors of the Company	(5,196)	(5,300)	–	–
Depreciation of property, plant and equipment	(15,274,424)	(15,777,521)	(1,505)	(17,205)
Depreciation of right-of-use assets	(3,149,038)	(2,040,669)	(94,956)	(94,956)
Directors' remuneration:				
- directors of the Company:				
- fee	(233,520)	(244,868)	(233,520)	(244,868)
- salaries and other emoluments	(8,869,733)	(7,995,278)	(4,154,255)	(3,630,001)
- directors of the Subsidiaries:				
- salaries and other emoluments	(2,214,349)	(2,334,829)	–	–
(Loss)/Gain on foreign exchange - net:				
- Unrealised	(612,699)	81,588	(244,238)	(20,673)
- Realised	(324,453)	(561,779)	225,818	109,821
Lease expenses:				
- short-term leases	(500,821)	(1,449,156)	–	–
- low value assets	(11,549)	(29,410)	–	–
Property, plant and equipment written off	(180,304)	(35)	–	–
Staff costs	(110,514,831)	(98,438,454)	(989,270)	(988,152)

8. PROFIT BEFORE TAX (CONT'D)

(a) Staff costs

Staff costs include salaries, bonuses, contributions to statutory defined contribution plans, defined benefits plan and all other staff related expenses. Contributions to statutory defined contribution plans and defined benefits plan, included in staff costs, made by the Group and by the Company during the financial year are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Defined contribution plan	4,209,012	4,159,401	118,977	105,092
Defined benefits plan	136,813	37,629	–	–

(b) Key management personnel compensation

The remuneration of the members of key management are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company	9,103,253	8,240,146	4,387,775	3,874,869
Directors of the Subsidiaries	2,214,349	2,334,829	–	–
Other Key Management Personnel	5,485,623	4,560,780	371,500	380,114
	16,803,225	15,135,755	4,759,275	4,254,983

In addition to the above disclosure, there is an unallocated provision of director fees in a subsidiary amounting to RM2,610,584 (2019: RM1,788,613).

(c) Directors' remuneration

Contributions to provident fund, included in directors' remuneration, made by the Group and by the Company during the current financial year are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Contributions to provident funds:				
Directors of the Company	722,624	631,438	663,214	579,500
Directors of the Subsidiaries	174,919	190,716	–	–
	897,543	822,154	663,214	579,500

9. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Estimated current tax payable:				
Malaysian:				
- Current year	3,127,435	4,286,075	–	–
- Underprovision in prior years	69,571	39,175	–	–
	3,197,006	4,325,250	–	–
Foreign:				
- Current year	20,596,072	16,291,730	–	–
- Underprovision in prior years	1,168,144	1,268,408	–	–
	21,764,216	17,560,138	–	–
Withholding tax	985,976	514,228	985,976	514,228
Real property gain tax	141,418	–	–	–
	26,088,616	22,399,616	985,976	514,228
Deferred tax (Note 15):				
- Current year	(153,700)	(366,507)	–	–
	25,934,916	22,033,109	985,976	514,228

A reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	114,252,674	96,261,457	60,125,383	23,786,496
Tax at the applicable tax rate of 24%	27,420,642	23,102,750	14,430,092	5,708,759
Effect of different tax rates of other tax jurisdictions	(5,557,918)	(4,430,074)	–	–
Tax effects of:				
Non-deductible expenses	2,081,813	1,737,385	1,403,905	1,251,163
Income not subject to tax	(740,702)	(86,037)	(15,833,997)	(6,959,922)
Utilisation of deferred tax assets previously not recognised	(41,000)	(161,814)	–	–
Income tax exemption	(128,272)	(88,681)	–	–
Taxable income subjected at regular income tax rate	397,296	102,114	–	–
Deferred tax assets not recognised for the year	137,948	35,655	–	–
Underprovision of current tax in prior years	1,237,715	1,307,583	–	–
Withholding tax	985,976	514,228	985,976	514,228
Real property gain tax	141,418	–	–	–
Income tax expense	25,934,916	22,033,109	985,976	514,228

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2020	**2019**
Profit after taxation attributable to owners of the Company (RM)	81,967,529	69,170,350
Number of shares in issue as of 1 January	1,053,435,130	1,053,435,130
Effects of:		
Treasury shares acquired	(5,466,600)	(5,466,600)
Weighted average number of ordinary shares for basic earnings per share computation as of 31 December	1,047,968,530	1,047,968,530
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	7.82	6.60

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

The Group	As at 1 January 2019 RM	Foreign currency translation differences RM	Transfer to right-of-use assets RM	Reclassi-fications RM	Additions RM	Write-offs RM	Disposals RM	As at 31 December 2019 RM
	COST							
Freehold land	20,426,363	132,277	–	–	–	–	–	20,558,640
Freehold buildings	61,126,782	471,212	–	968,949	328,545	(459,772)	–	62,435,716
Long-term leasehold land	4,718,300	–	(4,718,300)	–	–	–	–	–
Long-term leasehold buildings	41,198,361	95,297	–	–	–	–	–	41,293,658
Factory and office renovation	28,824,128	93,895	(2,105,293)	–	398,275	–	–	27,211,005
Plant and machinery	193,748,878	961,913	(589,145)	1,413,293	1,651,976	(43,000)	(1,000)	197,142,915
Workshop tools	2,403,351	–	–	–	48,835	–	–	2,452,186
Office equipment	7,889,188	31,277	–	–	405,423	(199,069)	–	8,126,819
Furniture and fittings	949,920	4,336	–	–	–	–	–	954,256
Motor vehicles	8,448,057	42,603	(277,389)	68,936	379,649	–	(138,430)	8,523,426
Computers	1,199,007	12,247	–	304,139	67,752	(5,179)	–	1,577,966
Capital work-in-progress	850,455	25,134	–	(2,755,317)	3,736,121	–	–	1,856,393
Total	371,782,790	1,870,191	(7,690,127)	–	7,016,576	(707,020)	(139,430)	372,132,980

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

The Group	COST								
	As at 1 January 2020 RM	Foreign currency translation differences RM	Transfer from right-of-use assets RM	Transfer from inventories RM	Reclassi - fications RM	Additions RM	Write-offs RM	Disposals RM	As at 31 December 2020 RM
Freehold land	20,558,640	837,158	–	–	–	–	–	(246,834)	21,148,964
Freehold buildings	62,435,716	2,933,670	–	–	387,056	361,402	(30,594)	(310,451)	65,776,799
Long-term leasehold buildings	41,293,658	(58,860)	–	–	–	–	–	–	41,234,798
Factory and office renovation	27,211,005	38,710	–	–	5,135	86,478	(97,267)	(777,872)	26,466,189
Plant and machinery	197,142,915	3,471,005	–	97,966	6,136,260	1,514,860	(1,330,278)	(245,641)	206,787,087
Workshop tools	2,452,186	–	–	–	–	5,580	(21,205)	–	2,436,561
Office equipment	8,126,819	79,510	–	–	–	208,487	(51,557)	–	8,363,259
Furniture and fittings	954,256	5,193	–	–	–	–	(40,424)	–	919,025
Motor vehicles	8,523,426	195,025	111,291	–	–	–	–	(10,000)	8,819,742
Computers	1,577,966	41,163	–	–	–	27,551	(39,450)	–	1,607,230
Capital work-in-progress	1,856,393	81,108	–	–	(6,528,451)	5,536,727	–	–	945,777
Total	372,132,980	7,623,682	111,291	97,966	–	7,741,085	(1,610,775)	(1,590,798)	384,505,431

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

The Group	ACCUMULATED DEPRECIATION						
	As at 1 January 2019 RM	Foreign currency translation differences RM	Transfer to right-of-use assets RM	Charge for the year RM	Write-offs RM	Disposals RM	As at 31 December 2019 RM
Freehold land	–	–	–	–	–	–	–
Freehold buildings	23,267,699	203,902	–	2,173,642	(459,771)	–	25,185,472
Long-term leasehold land	788,116	–	(788,116)	–	–	–	–
Long-term leasehold buildings	17,662,139	39,614	–	1,453,397	–	–	19,155,150
Factory and office renovation	20,898,616	65,445	(52,632)	1,302,971	–	–	22,214,400
Plant and machinery	148,118,458	736,208	(42,906)	9,876,075	(42,998)	(517)	158,644,320
Workshop tools	2,281,697	–	–	57,462	–	–	2,339,159
Office equipment	7,344,216	26,184	–	330,692	(199,040)	–	7,502,052
Furniture and fittings	940,066	4,245	–	5,369	–	–	949,680
Motor vehicles	6,761,306	32,432	(148,440)	435,500	–	(138,429)	6,942,369
Computers	1,056,602	7,015	–	142,413	(5,176)	–	1,200,854
Capital work-in-progress	–	–	–	–	–	–	–
Total	229,118,915	1,115,045	(1,032,094)	15,777,521	(706,985)	(138,946)	244,133,456

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

	ACCUMULATED DEPRECIATION						
The Group	As at 1 January 2020 RM	Foreign currency translation differences RM	Transfer to right-of-use assets RM	Charge for the year RM	Write-offs RM	Disposals RM	As at 31 December 2020 RM
Freehold land	–	–	–	–	–	–	–
Freehold buildings	25,185,472	1,196,564	–	2,364,009	(30,595)	(107,105)	28,608,345
Long-term leasehold buildings	19,155,150	(30,782)	–	1,457,855	–	-	20,582,223
Factory and office renovation	22,214,400	33,365	–	1,268,622	(97,263)	(777,820)	22,641,304
Plant and machinery	158,644,320	2,164,482	–	9,277,336	(1,150,012)	(245,638)	168,690,488
Workshop tools	2,339,159	–	–	47,009	(21,195)	–	2,364,973
Office equipment	7,502,052	60,602	–	303,882	(51,543)	–	7,814,993
Furniture and fittings	949,680	5,134	–	2,209	(40,416)	–	916,607
Motor vehicles	6,942,369	156,320	106,915	426,977	–	(9,999)	7,622,582
Computers	1,200,854	24,818	–	126,525	(39,447)	–	1,312,750
Capital work-in-progress	–	–	–	–	–	–	–
Total	244,133,456	3,610,503	106,915	15,274,424	(1,430,471)	(1,140,562)	260,554,265

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

The Group	IMPAIRMENT LOSS As at 1 January 2019 RM	Foreign currency translation differences RM	Recognised for the year RM	As at 31 December 2019/ 1 January 2020 RM	Foreign currency translation differences RM	Recognised for the year RM	As at 31 December 2020 RM	CARRYING AMOUNT As at 31 December 2020 RM	As at 31 December 2019 RM
Freehold land	–	–	–	–	–	–	–	21,148,964	20,558,640
Freehold buildings	–	–	–	–	–	–	–	37,168,454	37,250,244
Long-term leasehold buildings	–	–	–	–	–	–	–	20,652,575	22,138,508
Factory and office renovation	–	–	–	–	–	–	–	3,824,885	4,996,605
Plant and machinery	2,263,655	–	–	2,263,655	–	–	2,263,655	35,832,944	36,234,940
Workshop tools	–	–	–	–	–	–	–	71,588	113,027
Office equipment	–	–	–	–	–	–	–	548,266	624,767
Furniture and fittings	–	–	–	–	–	–	–	2,418	4,576
Motor vehicles	–	–	–	–	–	–	–	1,197,160	1,581,057
Computers	–	–	–	–	–	–	–	294,480	377,112
Capital work-in-progress	–	–	–	–	–	–	–	945,777	1,856,393
Total	2,263,655	–	–	2,263,655	–	–	2,263,655	121,687,511	125,735,869

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

The Company	COST As at 1 January 2019 RM	Addition RM	Write-off RM	As at 31 December 2019/ 1 January 2020 RM	Addition RM	Write-off RM	As at 31 December 2020 RM
Office renovation	151,775	–	–	151,775	–	–	151,775
Office equipment	36,777	–	–	36,777	1,629	–	38,406
Furniture and fittings	71,000	–	–	71,000	–	–	71,000
Computers	37,070	–	–	37,070	–	–	37,070
Total	296,622	–	–	296,622	1,629	–	298,251

	ACCUMULATED DEPRECIATION							CARRYING AMOUNT	
The Company	As at 1 January 2019 RM	Charge for the year RM	Write-off RM	As at 31 December 2019/1 January 2020 RM	Charge for the year RM	Write-off RM	As at 31 December 2020 RM	As at 31 December 2020 RM	As at 31 December 2019 RM
Office renovation	136,646	15,129	–	151,775	–	–	151,775	–	–
Office equipment	36,270	277	–	36,547	275	–	36,822	1,584	230
Furniture and fittings	71,000	–	–	71,000	–	–	71,000	–	
Computers	33,324	1,799	–	35,123	1,230	–	36,353	717	1,947
Total	277,240	17,205	–	294,445	1,505	–	295,950	2,301	2,177

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

(a) The details of the Group's property, plant and equipment charged as collateral to certain banks for term loans granted to the Group as mentioned in Note 26 to the financial statements are analysed as follows:-

	Carrying Amount	
	2020	2019
	RM	RM
Long-term leasehold building	–	16,907,636

(b) Certain plant and equipment and office space of the Group are leased to customers under operating leases with rentals payable monthly. Each of the leases contains an initial non-cancellable average period of 2 years and the subsequent renewals are negotiated separately on a contract by contract basis.

The Group does not require a financial guarantee on its lease arrangements.

The undiscounted operating lease payments receivable are as follows:-

	The Group	
	2020	2019
	RM	RM
Within 1 year	911,203	491,131
Between 1 and 2 years	1,296,711	233,873
	2,207,914	725,004

12. RIGHT-OF-USE ASSETS

The Group	Initial application of MFRS 16 RM	Transfer from property, plant and equipment RM	As restated RM	Additions RM	Depreciation charges RM	Foreign currency translation differences RM	As at 31 December 2019 RM
	CARRYING AMOUNT — 1 January 2019						
Leasehold land	8,693,500	3,930,184	12,623,684	–	(624,730)	42,195	12,041,149
Factories and buildings	2,556,973	–	2,556,973	2,996,597	(881,931)	22,460	4,694,099
Factory renovation	–	2,052,661	2,052,661	–	(210,529)	–	1,842,132
Plant and machinery	–	546,239	546,239	–	(58,915)	–	487,324
Motor vehicles	634,717	128,949	763,666	165,500	(264,564)	1,262	665,864
	11,885,190	6,658,033	18,543,223	3,162,097	(2,040,669)	65,917	19,730,568

The Group	As at 1 January 2020 RM	Transfer to property, plant and equipment RM	Additions RM	Depreciation charges RM	Derecognition due to lease modification RM	Foreign currency translation differences RM	As at 31 December 2020 RM
Leasehold land	12,041,149	–	–	(626,598)	–	(30,456)	11,384,095
Factories and buildings	4,694,099	–	33,401	(1,823,924)	(54,173)	127,428	2,976,831
Factory renovation	1,842,132	–	–	(210,530)	–	–	1,631,602
Plant and machinery	487,324	–	109,882	(80,891)	–	413	516,728
Motor vehicles	665,864	(4,376)	525,359	(407,095)	–	20,856	800,608
	19,730,568	(4,376)	668,642	(3,149,038)	(54,173)	118,241	17,309,864

12. RIGHT-OF-USE ASSETS (CONT'D)

The Group	Cost RM	Accumulated depreciation RM	Carrying amount RM
2019			
Leasehold land	13,454,251	(1,413,102)	12,041,149
Factories and buildings	6,012,656	(1,318,557)	4,694,099
Factory renovation	2,105,293	(263,161)	1,842,132
Plant and machinery	589,145	(101,821)	487,324
Motor vehicles	1,082,458	(416,594)	665,864
	23,243,803	(3,513,235)	19,730,568
2020			
Leasehold land	13,420,974	(2,036,879)	11,384,095
Factories and buildings	5,802,105	(2,825,274)	2,976,831
Factory renovation	2,105,293	(473,691)	1,631,602
Plant and machinery	699,544	(182,816)	516,728
Motor vehicles	1,528,840	(728,232)	800,608
	23,556,756	(6,246,892)	17,309,864

	CARRYING AMOUNT		
The Company	As at 1 January 2019/Initial application of MFRS 16 RM	Depreciation charges RM	As at 31 December 2019 RM
Building	189,912	(94,956)	94,956

	CARRYING AMOUNT		
The Company	As at 1 January 2020 RM	Depreciation charges RM	As at 31 December 2020 RM
Building	94,956	(94,956)	–

The Company	Cost RM	Accumulated depreciation RM	Carrying amount RM
2020			
Building	189,912	(189,912)	–
2019			
Building	189,912	(94,956)	94,956

12. RIGHT-OF-USE ASSETS (CONT'D)

(a) The details of the Group's lease assets under hire purchase arrangements are analysed as follows:-

	2020 RM	2019 RM
Plant and machinery	428,410	487,324
Motor vehicles	304,531	213,778
Factory renovation	1,631,602	1,842,132
	2,364,543	2,543,234
Effective interest rates	2.80% - 5.28%	2.80% - 5.28%
Remaining lease terms	1 – 4 years	1 – 2 years

(b) The leasing activities of the remaining lease assets are summarised below:-

(i) Leasehold land

The Group has entered into 5 non-cancellable operating lease agreements for the use of land. The leases are for a period ranging from 30 to 60 years. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

(ii) Factories and buildings and motor vehicles

The Group has leased a number of factories and buildings, and motor vehicles that run between 1 to 4 years, with an option to renew the lease after that date. The Company has leased a building for 2 years, with an option to renew the lease after that date.

13. INVESTMENTS IN SUBSIDIARIES

	The Company 2020 RM	 2019 RM
Unquoted shares, at cost:-		
At beginning of the year	144,543,930	141,906,949
Addition during the year	775,870	2,636,981
	145,319,800	144,543,930
Accumulated impairment losses	(987,241)	(987,241)
	144,332,559	143,556,689

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
Subsidiaries of the Company				
Frontken Malaysia Sdn. Bhd. ("FMSB")	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken (Singapore) Pte. Ltd. ("FSPL") [1]	Singapore	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
PT Frontken Indonesia [1]	Indonesia	95	95	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
TTES Frontken Integrated Services Sdn. Bhd. ("TTES") [1, 2]	Malaysia	45	45	Engaged in the business of turbo machinery technical engineering services.
Ares Green Technology Corporation ("AGTC") [1]	Taiwan	91.25	90.85	Provision of surface treatment and advanced precision cleaning for the TFT - LCD (Thin Film Transistor - Liquid Crystal Display) and semi-conductor industries.
Subsidiaries of FMSB				
Frontken (East Malaysia) Sdn. Bhd. ("FEM") [1]	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:- (Cont'd)

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
Subsidiaries of FMSB (Cont'd)				
Frontken (Johor) Sdn. Bhd. [1]	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering services.
Frontken Projects Sdn. Bhd. [3]	Malaysia	–	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering services.
Subsidiaries of FSPL				
Frontship Pte. Ltd. [1, 3]	Singapore	–	100	Provision of materials, equipment consumable parts and engineering services.
Frontken Projects Pte. Ltd. [1]	Singapore	100	100	General contractors and process and individual plant engineering services.
Frontken Philippines Inc [1]	Philippines	99.99	99.99	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Subsidiary of AGTC				
Ares Green International Corporation [1]	Samoa	100	100	Investment holding.

[1] The financial statements of the subsidiaries are audited by auditors other than the auditors of the Company.

[2] TTES is considered a subsidiary of the Group as the Group has control over the operating and management policies of this subsidiary via the board of directors appointed by the Group.

[3] These subsidiaries have been struck off during the current financial year.

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020	2019	2020	2019
	%	%	RM	RM
AGTC	8.75	9.15	24,091,346	19,024,855
TTES	55	55	5,005,171	4,770,242
Other individually immaterial subsidiaries			(2,057,256)	(2,018,840)
			27,039,261	21,776,257

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	AGTC	
	2020	2019
	RM	RM
At 31 December		
Non-current assets	93,648,077	90,905,320
Current assets	279,581,483	179,655,424
Non-current liabilities	(2,678,906)	(2,717,517)
Current liabilities	(110,428,010)	(74,272,500)
Net assets	260,122,644	193,570,727
Financial Year Ended 31 December		
Revenue	240,778,716	189,487,937
Profit for the financial year	65,546,395	44,256,764
Total comprehensive income	75,196,388	45,969,923
Total comprehensive income attributable to non-controlling interests	6,703,534	4,591,414
Dividends paid to non-controlling interests	(756,391)	(473,952)
Net cash from operating activities	90,888,575	71,639,707
Net cash for investing activities	(15,537,879)	(7,647,187)
Net cash for financing activities	(8,972,727)	(13,833,622)

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

	TTES	
	2020 RM	**2019 RM**
At 31 December		
Non-current assets	1,646,385	1,878,463
Current assets	12,418,833	11,277,366
Non-current liabilities	(182,132)	(366,866)
Current liabilities	(4,782,980)	(4,116,002)
Net assets	9,100,106	8,672,961
Financial Year Ended 31 December		
Revenue	22,739,545	24,711,266
Profit for the financial year	1,047,145	1,143,214
Total comprehensive income	1,047,145	1,143,214
Total comprehensive income attributable to non-controlling interests	575,930	628,768
Dividends paid to non-controlling interests	(341,000)	(363,000)
Net cash (for)/from operating activities	(473,715)	2,824,006
Net cash from investing activities	1,130,349	79,184
Net cash for financing activities	(733,962)	(1,319,472)

On 12 November 2020, Frontken Projects Sdn. Bhd., a dormant indirect wholly-owned subsidiary of the Company has been struck off from the Registrar of the Companies Commission of Malaysia pursuant to Section 550 of the Companies Act 2016.

On 31 December 2020, a resolution was passed to strike off Frontship Pte. Ltd., a dormant indirect wholly-owned subsidiary of the Company from the Registrar.

During the financial year, in the month of May 2020, the Company acquired 133,837 ordinary shares of NT$10 each representing 0.4% of the issued and paid-up share capital of AGTC for a total cash consideration of NT$5,353,480 (including incidental costs) (equivalent to RM775,870). Following the acquisition, the Group's interest in AGTC increased from 90.85% to 91.25%. The carrying amount of AGTC's net assets shared by the Group on the date of the acquisition was RM203,988,468. The Group recognised a decrease in non-controlling interests of RM880,653 and a increase in retained earnings of RM104,783.

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The following summarises the effect of changes in equity interest in AGTC that is attributable to owners of the Company:-

	AGTC 2020 RM
Equity interest at 1 January 2020	174,545,872
Effect of increase in Company's ownership interest	880,653
Share of comprehensive income	60,604,773
Equity interest at 31 December 2020	236,031,298

In the previous financial year, in the month of September 2019, the Company acquired 431,534 ordinary shares of NT$10 each representing 1.26% of the issued and paid-up share capital of AGTC for a total cash consideration of NT$19,355,830 (including incidental costs) (equivalent to RM2,636,981). Following the acquisition, the Group's interest in AGTC increased from 89.59% to 90.85%. The carrying amount of AGTC's net assets shared by the Group on the date of the acquisition was RM159,622,107. The Group recognised a decrease in non-controlling interests of RM2,193,924 and a decrease in retained earnings of RM443,057.

The following summarises the effect of changes in equity interest in AGTC that is attributable to owners of the Company:-

	AGTC 2019 RM
Equity interest at 1 January 2019	135,052,335
Effect of increase in Company's ownership interest	2,193,924
Share of comprehensive income	37,299,613
Equity interest at 31 December 2019	174,545,872

14. GOODWILL ON CONSOLIDATION

	The Group 2020 RM	 2019 RM
At 1 January/31 December	33,760,856	33,760,856

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination.

14. GOODWILL ON CONSOLIDATION (CONT'D)

The carrying amounts of the goodwill allocated to each CGU are as follows:-

	The Group	
	2020	**2019**
	RM	**RM**
FEM	805,812	805,812
AGTC	24,588,453	24,588,453
TTES	8,366,591	8,366,591
	33,760,856	33,760,856

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined using the value in use approach, and this is derived from the present value of the future cash flows from each CGU computed based on the projections of financial forecast covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	2020	**2019**
	%	**%**
Budgeted gross margin	14 to 52	15 to 51
Growth rates		
- Year 1	3 to 11	-40 to 12
- Year 2 to 5	3 to 11	3 to 12
Pre-tax discount rates	15 to 20	17 to 18

(i) Budgeted gross margin — Management determines budgeted gross margin based on past performance and its expectations of market development.

(ii) Growth rates — The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. These calculations use pre-tax cash flow projections based on financial budgets approved by management and extrapolated cash flows for a five-year period based on growth rates consistent with the long-term average growth rate for the industry.

(iii) Discount rates — Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGU. The rate used to discount the forecasted cash flows reflects specific risks and expected returns relating to the industry.

(iv) Terminal value — Terminal value is based on zero growth of projected present value of particular subsidiaries from year 2025 until infinity.

The management believes that there is no reasonable change in the above key assumptions which would cause the carrying amount of the goodwill to exceed its recoverable amounts.

15. DEFERRED TAX ASSETS/LIABILITIES

	The Group 2020 RM	The Group 2019 RM
Deferred tax assets		
At 1 January	2,295,497	2,155,621
Transfer from profit or loss (Note 9)	180,908	91,083
Transfer to other comprehensive expenses	16,849	30,336
Foreign currency translation differences	109,385	18,457
At 31 December	2,602,639	2,295,497
Deferred tax liabilities		
At 1 January	407,841	680,550
Transfer to profit or loss (Note 9)	27,208	(275,424)
Foreign currency translation differences	12,853	2,715
At 31 December	447,902	407,841

The net deferred tax liabilities and assets are in respect of the tax effects of the following:-

	The Group Deferred Tax (Assets)/Liabilities 2020 RM	The Group Deferred Tax (Assets)/Liabilities 2019 RM
Temporary differences arising from property, plant and equipment	86,173	224,549
Others	(2,240,910)	(2,112,205)
	(2,154,737)	(1,887,656)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2020, the estimated amount of net deferred tax assets, calculated at the current tax rate which has not been recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:-

	The Group Deferred Tax Assets/(Liabilities) 2020 RM	The Group Deferred Tax Assets/(Liabilities) 2019 RM
Unutilised tax losses	682,498	1,020,037
Temporary differences arising from property, plant and equipment	193,920	254,880
	876,418	1,274,917

The unutilised tax losses and unabsorbed capital allowances are subject to the agreement of the tax authorities.

16. INVENTORIES

	The Group	
	2020 RM	2019 RM
Raw materials	5,343,741	4,945,032
Work-in-progress	5,849,953	5,001,806
Finished goods	8,782,498	5,154,611
	19,976,192	15,101,449
Recognised in profit or loss:-		
Inventories recognised as cost of sales	21,232,787	26,149,118
Reversal of inventories previously written down	(49,095)	(6,208)

The reversal of write-down was in respect of inventories sold above their carrying amounts during the financial year.

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Trade receivables of the Group comprise amounts outstanding for the provision of services and sale of goods. The credit periods granted to the customers range from 30 to 180 days (2019: 30 to 180 days).

	The Group	
	2020 RM	2019 RM
Trade receivables	104,619,193	88,438,785
Allowance for impairment losses	(1,481,846)	(2,139,074)
	103,137,347	86,299,711

Movement in allowance for impairment losses on trade receivables is as follows:-

	The Group	
	2020 RM	2019 RM
At 1 January	2,139,074	2,131,398
Allowance for impairment losses	202,171	–
Writeback of allowance for impairment losses	–	(2,200)
Written off as bad debts	(903,473)	–
Exchange difference	44,074	9,876
At 31 December	1,481,846	2,139,074

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Included in trade receivables of the Group are the following amount owing by the related parties:-

	The Group	
	2020	**2019**
	RM	**RM**
AMT Engineering Sdn. Bhd.	1,275	7,495
Tenaga-Tech (M) Sdn. Bhd.	11,371	50,599
	12,646	58,094

The said amount, which arises mainly from trade transactions, is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

The related parties and their relationships with the Group are as follows:-

Name of related parties	**Relationship**
A & I Engine Rebuilders Sdn. Bhd.	A company in which Sia Chiok Meng, a director of a subsidiary, is also a director and has a financial interest.
AMT Engineering Sdn. Bhd.	A company in which Sia Chiok Meng, a director of a subsidiary, is also a director and has a financial interest.
Tenaga-Tech (M) Sdn. Bhd.	A company in which Mohd Shukri Bin Hitam and Fauziah Binti Hamlawi, directors of a subsidiary, are also directors and have financial interest.

Transactions undertaken with related parties during the financial year are as follows:-

	The Group	
	2020	**2019**
	RM	**RM**
A & I Engine Rebuilders Sdn. Bhd.		
Sales	12,790	–
AMT Engineering Sdn. Bhd.		
Sales	32,513	19,769
Purchases	1,460	1,450
Rental expense	135,000	144,000
Tenaga-Tech (M) Sdn. Bhd.		
Sales	25,383	52,904
Purchases	177,381	106,063
Other expenses	–	5,302
Other income	–	12,789

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Other receivables, deposits and prepaid expenses consist of:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	4,242,613	4,781,847	–	53,694
Deposits	2,168,158	1,674,468	4,750	4,850
Prepaid expenses	1,120,562	923,795	20,717	21,235
	7,531,333	7,380,110	25,467	79,779

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2020 RM	2019 RM
Amount owing by:-		
Advances	2,989,079	2,989,079
Dividend receivables	28,788,798	162,000
	31,777,877	3,151,079
Allowance for impairment losses	(2,989,079)	(2,989,079)
	28,788,798	162,000
Amount owing to:-		
Non-trade balances	–	(3,431,325)

	The Company	
	2020 RM	2019 RM
Allowance for impairment losses:-		
At 1 January	(2,989,079)	(4,487,450)
Writeback of allowance for impairment losses	–	271,455
Written off as bad debts	–	1,226,916
At 31 December	(2,989,079)	(2,989,079)

The amounts owing arose mainly from unsecured advances and payments made on behalf. The amount arising from payments made on behalf is interest-free. The amount owing is to be settled in cash.

19. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unit trust	8,332,527	10,684,259	3,302,234	9,219,642
Fair value	8,332,527	10,684,259	3,302,234	9,219,642

20. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 0.25% to 2.10% (2019: 0.25% to 3.35%) per annum. The fixed deposits of the Group have maturity periods ranging from 90 to 365 days (2019: 30 to 365 days).

The fixed deposits of the Group amounting to RM468,703 (2019: RM2,068,434) are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

21. SHARE CAPITAL

	The Group/The Company			
	2020 Number of Shares	2019 Number of Shares	2020 RM	2019 RM
Issued and fully paid-up				
At 1 January/31 December	1,053,435,130	1,053,435,130	118,925,352	118,925,352

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

22. TREASURY SHARES

During the financial year, the Company did not purchase its issued ordinary shares from the open market. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from total equity.

As at 31 December 2020, the Company held 5,466,600 (2019: 5,466,600) treasury shares at a carrying amount of RM663,237 (2019: RM663,237).

As at 31 December 2020, the number of outstanding ordinary shares in issue after the set-off of 5,466,600 (2019: 5,466,600) treasury shares held by the Company is 1,047,968,530 (2019: 1,047,968,530) ordinary shares.

23. RESERVES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-distributable:				
Foreign currency translation reserve	39,130,404	29,781,778	–	–
Statutory reserve	17,704,302	13,008,627	–	–
Distributable:				
Retained earnings	264,898,143	215,919,304	60,582,527	29,738,270
	321,732,849	258,709,709	60,582,527	29,738,270

Foreign currency translation reserve

Foreign currency translation differences arose from the translation of the financial statements of foreign subsidiaries and the Group's share of an associate's foreign currency translation differences are taken to the foreign currency translation reserve as described in the significant accounting policies.

Statutory reserve

The statutory reserve is maintained by the Group's subsidiary in Taiwan in accordance with the regulations in that country.

24. LEASE LIABILITIES

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At 1 January	14,963,954	14,141,859	97,272	189,912
Interest expense recognised in profit and loss	653,936	665,726	4,848	9,480
Derecognition due to lease modification	(54,898)	–	–	–
Repayment of principal	(3,387,979)	(2,366,158)	(97,272)	(92,640)
Repayment of interest expense	(653,936)	(665,726)	(4,848)	(9,480)
Addition	667,962	3,146,663	–	–
Exchange difference	139,189	41,590	–	–
At 31 December	12,328,228	14,963,954	–	97,272
Analysed by:-				
Current liabilities	2,795,816	3,033,211	–	97,272
Non-current liabilities	9,532,412	11,930,743	–	–
At 31 December	12,328,228	14,963,954	–	97,272

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 90 days (2019: 30 to 90 days).

In the previous financial year, included in other payables was RM3,100 owing to a related party.

Other payables and accrued expenses consist of:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	54,607,311	30,531,243	5,090	5,750
Accrued expenses	47,393,915	39,306,752	4,435,652	3,882,773
	102,001,226	69,837,995	4,440,742	3,888,523
Less: Other payables (included under non-current liabilities)	(2,845,851)	(2,714,783)	–	–
Current liabilities	99,155,375	67,123,212	4,440,742	3,888,523

Included in other payables are defined benefit plan as detailed below:-

	The Group	
	2020 RM	2019 RM
Defined benefit plan (Overseas subsidiaries)		
- Taiwan	2,157,207	2,128,431
- Philippines	232,267	194,474
- Indonesia	456,377	391,878
	2,845,851	2,714,783

(a) Defined benefit plan – Taiwan

	The Group	
	2020 RM	2019 RM
Fair value of plan assets	(7,127,926)	(6,367,119)
Present value of plan obligations	9,285,133	8,495,550
	2,157,207	2,128,431

The Group contributes to a defined benefit plan that provides retirement benefits for employees upon retirement based on the following:-

i) 2 months average salary for each year for the first 15 years of working; and

ii) 1 month average salary for each year subsequent to 15 years of working.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(a) Defined benefit plan – Taiwan (Cont'd)

A maximum entitlement for a retired employee is 45 months average salary. The average salary of a retired employee is calculated based on the average 6 months' salary prior to his retirement date.

Plan assets comprise:-

	The Group	
	2020	**2019**
	RM	**RM**
Cash at bank	886,714	1,035,930
Short-term investments	222,391	273,149
Debentures	440,506	448,882
Fixed income investments	1,365,711	1,102,148
Equity securities	3,385,052	2,884,942
Others	827,552	622,068
	7,127,926	6,367,119

Movement in the present value of defined benefit obligations:-

	The Group	
	2020	**2019**
	RM	**RM**
At 1 January	8,495,550	8,033,229
Current service costs and interest	99,459	62,208
Actuarial losses in other comprehensive income	282,058	332,059
Exchange difference	408,066	68,054
At 31 December	9,285,133	8,495,550

Movement in the fair value of plan assets:-

	The Group	
	2020	**2019**
	RM	**RM**
At 1 January	6,367,119	5,876,339
Expected return on plan assets	67,341	81,233
Actuarial gains in other comprehensive income	197,811	180,380
Contribution paid into the plan	189,033	176,763
Exchange difference	306,622	52,404
At 31 December	7,127,926	6,367,119

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(a) Defined benefit plan – Taiwan (Cont'd)

Expenses recognised in profit or loss:-

	The Group 2020 RM	The Group 2019 RM
Current service costs and interests	99,459	62,208
Expected return on plan assets	(67,341)	(81,233)
Net benefit expense	32,118	(19,025)

Actuarial gains and losses recognised directly in other comprehensive income:-

	The Group 2020 RM	The Group 2019 RM
Actuarial losses recognised during the year	(67,398)	(121,342)

The Group's defined benefit plan based on the actuarial valuation performed by an independent actuary adopting the Projected Unit Credit With Service Increment method, with the following principal actuarial assumptions:-

		The Group 2020	The Group 2019
i)	Retirement age	65	65
ii)	Disability rate (per annum)	10% of mortality rate	10% of mortality rate
iii)	Discount rate (per annum)	0.50%	1.00%
iv)	Expected rate of salary increases (per annum)	2.75%	3.00%

Effect on defined benefit obligations	The Group 2020 (Decrease)/ Increase RM	The Group 2019 (Decrease)/ Increase RM
Discount rate (per annum)		
- strengthened by 0.25%	(344,283)	(328,470)
- weakened by 0.25%	361,319	345,253
Expected rate of salary increases (per annum)		
- strengthened by 0.25%	347,984	333,451
- weakened by 0.25%	(333,560)	(319,115)

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(b) Defined benefit plan – Philippines

The Group conforms to the minimum regulatory benefit under prevailing law and regulations which is of the defined benefit type.

The normal retirement age is 60. The plan provides a benefit equal to 22.5 days' salary for every year of credited service. The regulatory benefits are paid in lump sum upon retirement.

Movement in the present value of defined benefit obligations:-

	The Group	
	2020 RM	2019 RM
At 1 January	194,474	201,538
Current service costs and interest	24,354	31,365
Actuarial gains in other comprehensive income	6,956	(43,406)
Exchange difference	6,483	4,977
At 31 December	232,267	194,474

Expenses recognised in profit or loss:-

	The Group	
	2020 RM	2019 RM
Current service costs and interests	24,354	31,365

Actuarial gains and losses recognised directly in other comprehensive income:-

	The Group	
	2020 RM	2019 RM
Actuarial (loss)/gain recognised during the year	(6,956)	43,406

The Group defined benefit plan based on the actuarial valuation performed by an independent actuary adopting the Projected Unit Credit method, with the following principal actuarial assumptions:-

		The Group	
		2020	2019
i)	Retirement age	60	60
ii)	Discount rate (per annum)	3.90%	5.16%
iii)	Expected rate of salary increases (per annum)	2.00%	2.00%

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(b) Defined benefit plan – Philippines (Cont'd)

	The Group	
	2020	2019
	(Decrease)/	(Decrease)/
	Increase	Increase
Effect on defined benefit obligations	RM	RM
Discount rate (per annum)		
- strengthened by 1%	(3,023)	(2,415)
- weakened by 1%	3,182	2,535
Expected rate of salary increases (per annum)		
- strengthened by 1%	3,211	2,589
- weakened by 1%	(3,107)	(2,512)

(c) Defined benefit plan – Indonesia

The Group conforms to the obligations relating to the employee benefits due under the prevailing law and regulations.

Movement in the present value of defined benefit obligations:-

	The Group	
	2020	2019
	RM	RM
At 1 January	391,878	434,244
Current service costs and interest	80,341	25,289
Actuarial gains in other comprehensive income	(143)	(82,270)
Defined plan payable	–	–
Exchange difference	(15,699)	14,615
At 31 December	456,377	391,878

Expenses recognised in profit or loss:-

	The Group	
	2020	2019
	RM	RM
Current service costs and interests	80,341	25,289

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(c) Defined benefit plan – Indonesia (Cont'd)

Actuarial gains and losses recognised directly in other comprehensive income:-

	The Group	
	2020 RM	2019 RM
Actuarial gains recognised during the year	143	82,270

The Group defined benefit plan based on the actuarial valuation performed by an independent actuary adopting the Projected Unit Credit method, with the following principal actuarial assumptions:-

		The Group	
		2020	2019
i)	Retirement age	55	55
ii)	Disability rate (per annum)	1% of mortality rate	1% of mortality rate
iii)	Discount rate (per annum)	5.95%	7.10%
iv)	Expected rate of salary increases (per annum)	8.00%	8.00%

	The Group	
Effect on defined benefit obligations	**2020 (Decrease)/ Increase RM**	**2019 (Decrease)/ Increase RM**
Discount rate (per annum)		
- strengthened by 1%	(19,334)	(18,159)
- weakened by 1%	21,734	20,216
Expected rate of salary increases (per annum)		
- strengthened by 1%	25,052	23,319
- weakened by 1%	(22,657)	(21,257)

26. TERM LOANS

	The Group 2020 RM	The Group 2019 RM
Current liabilities	–	843,865

(a) In the previous financial year, the term loans were secured by:-

(i) legal charges over certain freehold land and buildings of the Group as disclosed in Note 11 to the financial statements;

(ii) legal charges over the long-term leasehold land and buildings of the Group as disclosed in Notes 11 and 12 to the financial statements;

(iii) corporate guarantees of the Company; and

(iv) fixed deposits as disclosed in Note 20 to the financial statements.

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate		The Group	
	2020 %	2019 %	2020 RM	2019 RM
Floating rate term loans	–	3.40 - 3.76	–	843,865

27. DIVIDENDS

	The Group/The Company 2020 RM	The Group/The Company 2019 RM
Second interim single-tier dividend of 0.8 sen per ordinary share in respect of the financial year ended 31 December 2018, paid on 25 March 2019	–	8,383,748
First interim single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2019, paid on 27 September 2019	–	10,479,685
Second interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2019, paid on 13 April 2020	15,719,528	–
First interim single-tier dividend of 1.2 sen per ordinary share in respect of the current financial year, paid on 22 September 2020	12,575,622	–
	28,295,150	18,863,433

27. DIVIDENDS (CONT'D)

On 23 February 2021, the Company declared and approved a second interim single-tier dividend of 2.8 sen per ordinary share on 1,047,968,530 ordinary shares, payable on 8 April 2021, in respect of the financial year ended 31 December 2020 amounting to RM29,343,118. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

28. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

Market Risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, New Taiwan Dollar and Philippine Peso. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Market Risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

The Group 2020	Singapore Dollar RM	Ringgit Malaysia RM	United States Dollar RM	Philippine Peso RM	New Taiwan Dollar RM	Others* RM	Total RM
Financial assets							
Trade receivables	7,166,792	13,000,607	17,322,753	8,260,710	57,329,747	56,738	103,137,347
Other receivables	1,412,450	130,713	643,039	914,953	605,940	46,598	3,753,693
Fixed deposits with licensed banks	468,703	1,340,446	–	–	11,580,489	–	13,389,638
Cash and bank balances	54,433,248	14,128,017	52,438,917	1,965,311	167,113,379	389,397	290,468,269
	63,481,193	28,599,783	70,404,709	11,140,974	236,629,555	492,733	410,748,947
Financial liabilities							
Trade payables	1,487,746	3,839,787	462,080	663,140	12,325,042	53,018	18,830,813
Other payables and accrued expenses	5,026,603	7,454,207	285,045	472,945	83,640,226	112,744	96,991,770
	6,514,349	11,293,994	747,125	1,136,085	95,965,268	165,762	115,822,583
Net financial assets	56,966,844	17,305,789	69,657,584	10,004,889	140,664,287	326,971	294,926,364
Less: Net financial assets denominated in the respective entities' functional currencies	(57,328,759)	(17,305,789)	–	(10,004,889)	(140,664,287)	(321,404)	(225,625,128)
Currency exposure	(361,915)	–	69,657,584	–	–	5,567	69,301,236

* Denominated in Euro, Great Britain Pound and Indonesian Rupiah.

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Market Risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The Group's exposure to foreign currency is as follows:- (Cont'd)

The Group 2019	Singapore Dollar RM	Ringgit Malaysia RM	United States Dollar RM	Philippine Peso RM	New Taiwan Dollar RM	Others* RM	Total RM
Financial assets							
Trade receivables	9,864,859	14,931,136	12,995,511	4,564,188	43,732,810	211,207	86,299,711
Other receivables	1,271,329	271,581	1,163,212	926,722	747,833	48,065	4,428,742
Short-term investments	–	8,623,912	2,060,347	–	–	–	10,684,259
Fixed deposits with licensed banks	9,584,143	4,307,571	–	–	3,683,988	–	17,575,702
Cash and bank balances	26,749,603	15,688,479	40,519,546	1,075,934	112,699,723	427,921	197,161,206
	47,469,934	43,822,679	56,738,616	6,566,844	160,864,354	687,193	316,149,620
Financial liabilities							
Trade payables	1,380,638	3,107,696	675,895	282,998	11,350,436	91,684	16,889,347
Other payables and accrued expenses	4,992,552	6,558,257	334,860	366,591	52,487,206	133,835	64,873,301
Term loans	843,865	–	–	–	–	–	843,865
	7,217,055	9,665,953	1,010,755	649,589	63,837,642	225,519	82,606,513
Net financial assets	40,252,879	34,156,726	55,727,861	5,917,255	97,026,712	461,674	233,543,107
Less: Net financial assets denominated in the respective entities' functional currencies	(40,600,139)	(34,156,726)	–	(5,917,255)	(97,026,712)	(456,425)	(178,157,257)
Currency exposure	(347,260)	–	55,727,861	–	–	5,249	55,385,850

* Denominated in Euro, Great Britain Pound and Indonesian Rupiah.

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Foreign currency risk (Cont'd)

The Company 2020	Singapore Dollar RM	Ringgit Malaysia RM	United States Dollar RM	Total RM
Financial assets				
Amount owing by subsidiaries	21,509,798	7,279,000	–	28,788,798
Cash and bank balances	–	802,471	6,031,554	6,834,025
	21,509,798	8,081,471	6,031,554	35,622,823
Less: Net financial assets denominated in the entity's functional currency	–	(8,081,471)	–	(8,081,471)
Currency exposure	21,509,798	–	6,031,554	27,541,352

The Company 2019	Ringgit Malaysia RM	United States Dollar RM	Total RM
Financial assets			
Short-term investments	7,159,295	2,060,347	9,219,642
Cash and bank balances	1,933,175	369,087	2,302,262
	9,092,470	2,429,434	11,521,904
Financial liability			
Amount owing to subsidiaries	–	3,431,325	3,431,325
Net financial assets/(liability)	9,092,470	(1,001,891)	8,090,579
Less: Net financial assets denominated in the entity's functional currency	(9,092,470)	–	(9,092,470)
Currency exposure	–	(1,001,891)	(1,001,891)

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM
Effects on profit after taxation/equity				
Singapore Dollar:				
- strengthened by 5%	(18,096)	(17,363)	1,075,490	–
- weakened by 5%	18,096	17,363	(1,075,490)	–
United States Dollar:				
- strengthened by 5%	3,482,879	2,786,393	301,578	(50,095)
- weakened by 5%	(3,482,879)	(2,786,393)	(301,578)	50,095
Others*:				
- strengthened by 5%	278	262	–	–
- weakened by 5%	(278)	(262)	–	–

* Denominated in Euro, Great Britain Pound and Indonesian Rupiah.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 26 to the financial statements.

Interest Rate Risk Sensitivity Analysis

An increase of 100 basis points in interest rates of floating rate term loans at the end of the previous reporting period would have decreased the Group's profit after taxation by RM7,004. The analysis assumes that all other variables remain constant. A decrease of 100 basis points in the interest rates would have had an equal but opposite effect on the Group's profit after taxation. The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Equity price risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

If prices for quoted investments at the end of the reporting period strengthened by 10% (2019: 10%) with all other variables being held constant, the Group's and the Company's profit after taxation or other comprehensive income would have increased by RM833,253 and RM330,223 (2019: RM1,068,426 and RM921,964) respectively. A 10% (2019: 10%) weakening in the quoted prices would have had an equal but opposite effect on the Group's and the Company's profit after taxation or other comprehensive income.

Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2019: 2) customers which constituted approximately 30% (2019: 29%) of its total trade receivables as at the end of the reporting period.

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the liquidity risk's 'Maturity Analysis' of item (i) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Credit risk (Cont'd)

(iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

- Trade receivables

The Group applies the simplified approach to measure expected credit losses which using a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than a year are deemed credit impaired and assesses for their risk of loss individually.

During the current financial year, the Group has changed its risk management practices in response to the COVID-19 pandemic. The expected loss rates are based on the payment profiles of sales over a period of one month from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2020				
Not past due	84,823,208	–	–	84,823,208
Past due:-				
- less than 1 month	8,025,115	–	–	8,025,115
- 1 to 9 months	10,066,317	–	–	10,066,317
- over 9 months	1,704,553	(1,364,082)	(117,764)	222,707
Trade receivables	104,619,193	(1,364,082)	(117,764)	103,137,347

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

- Trade receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:- (Cont'd)

The Group	**Gross Amount RM**	**Individual Impairment RM**	**Collective Impairment RM**	**Carrying Amount RM**
2019				
Not past due	72,997,238	–	–	72,997,238
Past due:-				
- less than 1 month	7,650,548	–	–	7,650,548
- 1 to 9 months	5,608,690	–	(103,035)	5,505,655
- over 9 months	2,182,309	(1,963,552)	(72,487)	146,270
Trade receivables	88,438,785	(1,963,552)	(175,522)	86,299,711

The movements in the loss allowances in respect of trade receivables is disclosed in Note 17 to the financial statements.

- Other receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

- Fixed deposits with licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

- Amount owing by subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2020			
Low credit risk	31,777,877	(2,989,079)	28,788,798
2019			
Low credit risk	3,151,079	(2,989,079)	162,000

The movements in the loss allowances are disclosed in Note 18 to the financial statements.

- Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

(i) Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group 2020	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Lease liabilities	2.80 – 5.28	12,328,228	16,572,406	3,350,289	5,408,232	7,813,885
Trade payables	–	18,830,813	18,830,813	18,830,813	–	–
Other payables and accrued expenses	–	96,991,770	96,991,770	96,991,770	–	–
		128,150,811	132,394,989	119,172,872	5,408,232	7,813,885

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Liquidity risk (Cont'd)

(i) Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Group 2019	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Lease liabilities	2.80 – 5.25	14,963,954	19,593,182	3,612,250	7,339,684	8,641,248
Term loans	3.40 – 3.76	843,865	852,884	852,884	–	–
Trade payables	–	16,889,347	16,889,347	16,889,347	–	–
Other payables and accrued expenses	–	64,873,301	64,873,301	64,873,301	–	–
		97,570,467	102,208,714	86,227,782	7,339,684	8,641,248

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

Liquidity risk (Cont'd)

(i) Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM
2020			
Non-derivative financial liabilities			
Other payables and accrued expenses	4,440,742	4,440,742	4,440,742
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	–	510,203	510,203
	4,440,742	4,950,945	4,950,945
2019			
Non-derivative financial liabilities			
Lease liabilities	97,272	102,120	102,120
Other payables and accrued expenses	3,888,523	3,888,523	3,888,523
Amount owing to subsidiaries			
- interest-free	3,431,325	3,431,325	3,431,325
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	–	2,103,903	2,103,903
	7,417,120	9,525,871	9,525,871

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as external borrowings less cash and bank balances and fixed deposits with licensed banks.

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

The debt-to-equity ratio of the Company is not disclosed in the financial statements as the cash and bank balances and fixed deposits with licensed banks are in surplus position after net off with external borrowings.

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with requirement.

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	The Group 2020 RM	The Company 2020 RM
Financial Assets		
Fair Value through Profit or Loss		
Short-term investments	8,332,527	3,302,234
Amortised Cost		
Trade receivables	103,137,347	–
Other receivables	3,753,693	–
Amount owing by subsidiaries	–	28,788,798
Fixed deposits with licensed banks	13,389,638	–
Cash and bank balances	290,468,269	6,834,025
	410,748,947	35,622,823
Financial Liability		
Amortised Cost		
Trade payables	18,830,813	–
Other payables and accrued expenses	96,991,770	4,440,742
	115,822,583	4,440,742

	The Group 2019 RM	The Company 2019 RM
Financial Assets		
Fair Value through Profit or Loss		
Short-term investments	10,684,259	9,219,642
Amortised Cost		
Trade receivables	86,299,711	–
Other receivables	4,428,742	53,694
Amount owing by subsidiaries	–	162,000
Fixed deposits with licensed banks	17,575,702	–
Cash and bank balances	197,161,206	2,302,262
	305,465,361	2,517,956

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments (Cont'd)

	The Group 2019 RM	The Company 2019 RM
Financial Liability		
Amortised Cost		
Trade payables	16,889,347	–
Other payables and accrued expenses	64,873,301	3,888,523
Amount owing to subsidiaries	–	3,431,325
Term loans	843,865	–
	82,606,513	7,319,848

(d) Gains or Losses Arising from Financial Instruments

	The Group 2020 RM	The Company 2020 RM
Financial Assets		
Fair Value through Profit or Loss		
Net gains recognised in profit or loss	201,614	136,787
Amortised Cost		
Net gains recognised in profit or loss	1,048,222	164,218
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	(214,951)	–

	The Group 2019 RM	The Company 2019 RM
Financial Assets		
Fair Value through Profit or Loss		
Net gains recognised in profit or loss	179,852	151,633
Amortised Cost		
Net gains recognised in profit or loss	972,372	575,386
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	(89,799)	–

28. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value				
The Group	Level 1 **RM**	Level 2 **RM**	Level 3 **RM**	Level 1 **RM**	Level 2 **RM**	Level 3 **RM**	**Total Fair Value RM**	**Carrying Amount RM**
2020								
Financial Asset								
Short-term investments	–	8,352,391	–	–	–	–	8,352,391	8,332,527
2019								
Financial Asset								
Short-term investments	–	10,684,259	–	–	–	–	10,684,259	10,684,259
Financial Liability								
Term loans	–	–	–	–	843,865	–	843,865	843,865

28. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value				
The Company	Level 1 **RM**	Level 2 **RM**	Level 3 **RM**	Level 1 **RM**	Level 2 **RM**	Level 3 **RM**	**Total Fair Value RM**	**Carrying Amount RM**
2020								
Financial Asset								
Short-term investments	–	3,304,086	–	–	–	–	3,304,086	3,302,234
2019								
Financial Asset								
Short-term investments	–	9,219,642	–	–	–	–	9,219,642	9,219,642

28. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information (Cont'd)

(i) Fair Value of Financial Instruments Carried at Fair Value

- The fair value of short-term investments is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- There were no transfers between level 1 and level 2 during the financial year.

(ii) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purpose, have been determined using the following basis:-

The fair value of term loans determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2020	**2019**
	%	**%**
Term loans	–	3.40 - 3.76

29. COMMITMENTS

As of financial year end, the Group has the following capital commitments:-

	The Group	
	2020	**2019**
	RM	**RM**
Purchase of property, plant and equipment	530,505	2,210,529

30. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bank Borrowings RM	Lease Liabilities RM	Total RM
2020			
At 1 January	843,865	14,963,954	15,807,819
Changes in Financing Cash Flows			
Acquisition of new lease	–	667,962	667,962
Drawdown	1,429,690	–	1,429,690
Repayment of borrowing principal	(2,272,639)	(3,387,979)	(5,660,618)
Repayment of borrowing interests	(12,780)	(653,936)	(666,716)
Non-cash changes	11,864	738,227	750,091
At 31 December	–	12,328,228	12,328,228
2019			
At 1 January, as previously reported	11,447,968	–	11,447,968
Effect on adoption of MFRS 16	–	14,141,859	14,141,859
Changes in Financing Cash Flows			
Acquisition of new lease	–	3,146,663	3,146,663
Repayment of borrowing principal	(10,677,444)	(2,366,158)	(13,043,602)
Repayment of borrowing interests	(89,799)	(665,726)	(755,525)
Non-cash changes	163,140	707,316	870,456
At 31 December	843,865	14,963,954	15,807,819

The Company	Amount Owing to Subsidiaries RM	Lease Liabilities RM	Total RM
2020			
At 1 January	3,431,325	97,272	3,528,597
Changes in Financing Cash Flows			
Repayment to subsidiaries	(3,431,325)	–	(3,431,325)
Repayment of borrowing principal	–	(97,272)	(97,272)
Repayment of borrowing interest	–	(4,848)	(4,848)
Non-cash changes	–	4,848	4,848
At 31 December	–	–	–

30. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

The Company **2019**	**Amount Owing to Subsidiaries RM**	**Lease Liabilities RM**	**Total RM**
At 1 January, as previously reported	8,321,259	–	8,321,259
Effect on adoption of MFRS 16	–	189,912	189,912
<u>Changes in Financing Cash Flows</u>			
Repayment to subsidiaries	(4,851,365)	–	(4,851,365)
Repayment of borrowing principal	–	(92,640)	(92,640)
Repayment of borrowing interest	–	(9,480)	(9,480)
Non-cash changes	(38,569)	9,480	(29,089)
At 31 December	3,431,325	97,272	3,528,597

(b) The cash and cash equivalents comprise the following:-

	The Group		**The Company**	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash and bank balances	290,468,269	197,161,206	6,834,025	2,302,262
Fixed deposits with licensed banks	13,389,638	17,575,702	–	–
Short-term investments - unit trust	8,332,527	10,684,259	3,302,234	9,219,642
	312,190,434	225,421,167	10,136,259	11,521,904
Less: Fixed deposits pledged with licensed banks	(468,703)	(2,068,434)	–	–
Less: Fixed deposits with maturity period more than 3 months	(11,920,935)	(3,683,988)	–	–
Cash and cash equivalents	299,800,796	219,668,745	10,136,259	11,521,904

30. CASH FLOW INFORMATION (CONT'D)

(b) The cash and cash equivalents comprise the following:- (Cont'd)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Payment of short-term leases	500,821	1,449,156	–	–
Payment of low value assets	11,549	29,410	–	–
Interest paid on lease liabilities	653,936	665,726	4,848	9,480
Payment of lease liabilities	3,387,979	2,366,158	97,272	92,640
	4,554,285	4,510,450	102,120	102,120

31. SIGNIFICANT EVENTS DURING THE FINANICAL YEAR

(a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO until 31 December 2020 to curb the spread of the COVID-19 pandemic in Malaysia.

The MCO implementation had resulted in some disruption in the Group's operations in Malaysia and to a lesser degree, the Group's oil and gas business operation in Singapore and the Philippines. However, most of the Group's operations were not affected during this period as they were deemed as essential services under the MCO.

Notwithstanding the above, the Group recorded a higher profit after tax by approximately 19% as compared to the previous financial year. The increase in the Group's profit was mainly due to the strong performance by its subsidiary in Taiwan.

As the COVID-19 pandemic is still on-going, the Group will continue to practice safety measures to contain and prevent the spread of COVID-19 to ensure the safety and well-being of its employees as well as to enable production and delivery to continue as usual for its customers.

The Group shall further closely monitor and take the necessary steps to navigate its post-pandemic recovery to drive the performance of its business.

(b) On 21 October 2020, a subsidiary, AGTC entered into a sales and purchase agreement with Wuntaix Chemistry Co, Ltd. ("Wuntaix") to acquire two plot of lands with a total consideration of TWD118,000,000. Subsequently, on 13 January 2021, both Wuntaix and AGTC have mutually agreed to terminate the sales and purchase agreement via the signing of a letter of cancellation.

32. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Subsequent to the reporting period, the numbers of new COVID-19 cases increased substantially in Malaysia and markets in which the Group operates. Follow by the declaration of a state of emergency by the Government of Malaysia to control the spread of COVID-19 in early January 2021. As the outbreak is evolving, the full effect of the COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably at this juncture.

(b) On 22 February 2021, Ares Green International Corporation, a dormant indirect wholly-owned subsidiary of the Company has been struck off.

(c) On 23 February 2021, the Company ("Frontken") proposed to undertake the following:

(i) an issuance of 526,717,565 new ordinary shares in Frontken ("Bonus Share(s)") on the basis of 1 Bonus Share for every 2 existing ordinary shares held in Frontken ("Frontken Shares") on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Bonus Issue of Shares"); and

(ii) an issuance of 526,717,565 free warrants in Frontken ("Warrant(s)") on the basis of 1 Warrant for every 2 Frontken Shares held on the same Entitlement Date as the Proposed Bonus Issue of Shares ("Proposed Bonus Issue of Warrants").

The listing application in relation to the Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 5 March 2021 and subsequently, approved by Bursa Securities on 16 March 2021.

33. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	The Group/The Company	
	2020	**2019**
	RM	**RM**
Singapore Dollar	3.04	3.04
United States Dollar	4.01	4.09
Philippine Peso	0.08	0.08
New Taiwan Dollar	0.14	0.14
Euro	4.93	4.59
Great Britain Pound	5.49	5.38
Indonesian Rupiah	0.00029	0.00030

STATEMENT **BY DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, **NG WAI PIN** and **DATO' HAJI JOHAR BIN MURAT @ MURAD**, being two of the directors of **FRONTKEN CORPORATION BERHAD**, state that, in the opinion of the directors, the financial statements set out on pages 58 to 142 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance
with a resolution of the directors,

NG WAI PIN

DATO' HAJI JOHAR BIN MURAT @ MURAD

23 March 2021

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE **FOR THE FINANCIAL MANAGEMENT OF THE COMPANY**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **HEE KOK HIONG**, MIA Membership Number:15526, being the officer primarily responsible for the financial management of **FRONTKEN CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 58 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

HEE KOK HIONG

Subscribed and solemnly declared by the
abovementioned **HEE KOK HIONG** at
KUALA LUMPUR this 23rd day of March 2021.

Before me,
Datin Hajah Raihela Binti Wancik (No. W-275)
COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2020 RM'000	Date of acquisition
Frontken (Singapore) Pte Ltd (FS) Pte Lot A12843 (to be known as Pte Lot A21020) Bearing postal address: 156A Gul Circle Singapore 629614	2 factory buildings with mezzanine office and a 4-storey factory to house production facilities	11,154/ 11,213	24 years, 34 years & 10 years	Leasehold expiring on 19.07.2039	14,057	01.08.2001
FS Pte Lot A22490 (to be known as Pte Lot A1355601) Bearing postal address: 15 Gul Drive Singapore 629466	4-storey factory building to house production facilities and R&D activities	4,877/ 3,147	19 years	Leasehold expiring on 30.04.2026	1,506	18.03.2005
Frontken Malaysia Sdn Bhd (FM) 177296 Lot 38206 Pekan Baru Hicom Daerah Petaling Selangor Darul Ehsan Bearing postal address: Lot 2-46, Jalan Subang Utama 7 Taman Perindustrian Subang Utama Seksyen 22 40300 Shah Alam Selangor Darul Ehsan	1½-storey detached factory building to house production facilities	2,023/ 1,006	24 years	Freehold	1,850	17.03.2003
FM 177293 Lot 38196 Pekan Baru Hicom Daerah Petaling Selangor Darul Ehsan Bearing postal address: Lot 2-47, Jalan Subang Utama 8 Taman Perindustrian Subang Utama Seksyen 22 40300 Shah Alam Selangor Darul Ehsan	Vacant industrial land	2,177/ -	N/A	Freehold	1,500	04.07.2007

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2020 RM'000	Date of acquisition
FM GRN 210078 Lot 4494 Seksyen 39, Bandar Kulim Daerah Kulim Kedah Darul Aman Bearing postal address: PT1923, Jalan Hi Tech 2/3 Industrial Zone Phase 1 Kulim Hi-Tech Industrial Park, 09090 Kulim Kedah Darul Aman	Single-storey detached factory building to house production facilities and R&D activities	12,141/ 3,299	15 years	Leasehold expiring on 08.05.2066	5,786	23.12.2005
FM GRN 210078 Lot 4494 Seksyen 39, Bandar Kulim Daerah Kulim Kedah Darul Aman Bearing postal address: PT 1923, Jalan Hi Tech 2/3 Industrial Zone Phase 1 Kulim Hi-Tech Industrial Park, 09090 Kulim Kedah Darul Aman	Vacant industrial land	15,419/ -	N/A	Leasehold expiring on 08.05.2066	1,623	09.11.2007
Ares Green Technology Corporation 0273-0000, 0276-0000 & 0277-0000 Bearing postal address: No. 17, Bade Road Xinying Dist., Tainan City, 73054 Taiwan, R.O.C.	A single-storey factory building and a 2-storey factory building to house production facilities and R&D activities and a 2-storey office building	16,966/ 17,371	20 years	Freehold	54,967	14.06.2004

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2020 RM'000	Date of acquisition
PT Frontken Indonesia NIB No. 28.04.02.19.00499 28.04.02.19.00497 28.04.02.19.00495 28.04.02.19.00493 28.04.02.19.00492 28.04.02.19.00490 Bearing postal address: Jl. Raya Serang KM.13 RT.003/RW.002 Kp. Cirewed, Sukadamai-Cikupa Tangerang Banten, Indonesia 15710	A single-storey factory building to house production facilities and office	5,385/ 3,222	36 years	Leasehold expiring on 17.10.2039 & 19.05.2041	1,247	12.12.2011
TTES Frontken Integrated Services Sdn Bhd Lot 3687 & 3688, Kawasan Perindustrian Telok Kalong, 24000 Terengganu Bearing postal address: Lot 3687 & 3688, Kawasan Perindustrian Telok Kalong, 24000 Terengganu	Vacant industrial land	4,133/ -	N/A	Leasehold expiring on 22.08.2057	228	08.12.2009

Issued and Paid-up Share Capital	: RM118,925,352 comprising 1,053,435,130 ordinary shares
Class of shares	: Ordinary shares
Voting rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2021

Size of holdings	No. of shareholders	% of shareholders	*No. of shares	*% of issued capital
Less than 100	210	2.3	8,487	~
100 – 1,000	3,385	37.2	2,206,566	0.2
1,001 – 10,000	4,008	44.1	15,570,397	1.5
10,001 – 100,000	962	10.6	32,400,338	3.1
100,001 to less than 5% of issued shares	520	5.7	718,060,169	68.5
5% and above of issued shares	3	0.1	279,722,573	26.7
Total	9,088	100.0	1,047,968,530	100.0

Notes:-

~ Negligible
* Excluding 5,466,600 shares held as treasury shares as at 31 March 2021
Distribution of shareholdings based on Record of Depositors

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2021

The shareholdings of the directors of the Company and the number of shares held by them as recorded in the Register of Director Shareholdings at the date of this statement are as follows:-

		Direct		Indirect	
No.	Name	No. of shares	*%	No. of shares	*%
1.	Ng Wai Pin	6,712,900	0.6	213,891,473	20.4
2.	Dr Tay Kiang Meng	9,404,808	0.9	–	–
3.	Dato' Haji Johar Bin Murat @ Murad	–	–	–	–
4.	Ng Chee Whye	20,000	~	125,720	~
5.	Gerald Chiu Yoong Chian	–	–	–	–

Note:-

~ Negligible
* Excluding 5,466,600 shares held as treasury shares as at 31 March 2021

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2021

		Direct		Indirect	
No.	Name	No. of shares	*%	No. of shares	*%
1.	Dazzle Clean Ltd	213,891,473	20.4	–	–
2.	Ooi Keng Thye	158,682,900	15.1	–	–

Note:-

* Excluding 5,466,600 shares held as treasury shares as at 31 March 2021
Substantial shareholders based on Register of Substantial Shareholders

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2021

No.	Shareholders	No. of shares	*% of issued capital
1	Dazzle Clean Ltd	116,396,589	11.11
2	RHB Capital Nominees (Asing) Sdn Bhd Dazzle Clean Ltd	97,494,884	9.30
3	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye	65,831,100	6.28
4	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd.	29,016,600	2.77
5	Ooi Keng Thye	26,114,900	2.49
6	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	23,533,900	2.25
7	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye (6000009)	22,162,500	2.11
8	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap (6000179)	21,352,500	2.04
9	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	18,057,800	1.72
10	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank Of New York Mellon For Acadian Emerging Markets Small Cap Equity Fund, LLC	15,302,980	1.46
11	Lembaga Tabung Haji	15,000,000	1.43
12	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	13,949,600	1.33
13	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	13,539,400	1.29
14	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	12,419,000	1.19
15	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	12,197,000	1.16
16	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	11,437,100	1.09
17	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye (E-PPG)	11,107,600	1.06
18	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Ooi Keng Thye (Smart)	9,982,000	0.95

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2021 (CONT'D)

No.	Shareholders	No. of shares	*% of issued capital
19	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye (023)	9,845,200	0.94
20	Tay Kiang Meng	9,404,808	0.90
21	Amanahraya Trustees Berhad PB Growth Fund	9,030,400	0.86
22	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap (023)	8,646,000	0.83
23	Amanahraya Trustees Berhad Public Islamic Dividend Fund	8,630,000	0.82
24	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ooi Keng Thye	8,211,000	0.78
25	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	7,950,400	0.76
26	HSBC Nominees (Asing) Sdn Bhd TNTC For Barings Asean Frontiers Fund	7,545,100	0.72
27	Cartaban Nominees (Asing) Sdn Bhd Exempt An For State Street Bank & Trust Company (West CLT OD67)	7,222,700	0.69
28	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap	6,779,000	0.65
29	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore For Ng Wai Pin	6,642,900	0.63
30	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	6,180,700	0.59

Note:-

* Excluding 5,466,600 shares held as treasury shares as at 31 March 2021

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company ("17th AGM") will be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan on Thursday, 3 June 2021 at 10.30 a.m. for the transaction of the following businesses:-

AGENDA

As Ordinary Business:-

1. To receive the Audited Financial Statements for the year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors:-

   (a) Mr Ng Wai Pin, who will be retiring pursuant to Clause 75(2) of the Company's Constitution; and **(Ordinary Resolution 1)**

   (b) Dr Tay Kiang Meng who will be retiring pursuant to Clause 75(2) of the Company's Constitution. **(Ordinary Resolution 2)**

3. To approve the payment of Directors' fees and Benefits of up to RM500,000.00 for the financial year ending 31 December 2021 up to the following next Annual General Meeting. **(Ordinary Resolution 3)**

4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorize the Directors to fix their remuneration. **(Ordinary Resolution 4)**

As Special Business:-

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

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")** **(Ordinary Resolution 5)**

   "**THAT** subject always to the Act, the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad ("Bursa Securities") and the relevant regulatory authorities where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares of the Company at any time until the conclusion of the next Annual General Meeting ("AGM") or any adjournment thereof and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue until 31 December 2021 and thereafter, to revert to not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue until the conclusion of the next AGM of the Company;

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

6. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")** **(Ordinary Resolution 6)**

"**THAT** subject to the provisions under the Act, the Constitution of the Company, the Listing Requirements and any other applicable laws, rules, regulations and guidelines for the time being in force, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("Shares") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company.

THAT the maximum amount of funds to be allocated for the purpose of purchasing the Shares shall not exceed the retained profits of the Company.

THAT authority be and is hereby given to the Directors to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any of the Shares so purchased by the Company in the following manner:

(i) the Shares so purchased could be cancelled or transferred; or
(ii) the Shares so purchased could be retained as treasury shares for distribution as dividends or bonus shares to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or transferred to employees under an employees' share scheme and/or as purchase consideration for any acquisition; or
(iii) combination of (i) and (ii) above.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution and shall continue to be in force until:

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

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

7. **RETENTION OF INDEPENDENT DIRECTOR** **(Ordinary Resolution 7)**

To consider and if thought fit, to pass the following as Ordinary Resolution:

"**THAT** approval be and is hereby given to Dato' Haji Johar Bin Murat @ Murad, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company."

8. To transact any other business of which due notice shall be given.

BY ORDER OF THE BOARD

Mah Li Chen (MAICSA 7022751) (PC No. 202008002006)
Chew Mei Ling (MAICSA 7019175) (PC No. 201908003798)
Company Secretaries

Kuala Lumpur
3 May 2021

Notes:-

1. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time fixed for convening the Meeting or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIIH Online.
5. For the purpose of determining a member who shall be entitled to attend the 17th AGM or any adjournment thereof, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **27 May 2021**. Only a depositor whose name appears on the Record of the Depositors as at **27 May 2021** shall be entitled to attend and vote at this 17th AGM or any adjournment thereof or appoint proxies to attend and/or vote on his/her behalf.
6. All resolutions at the 17th AGM or any adjournment thereof shall be voted by poll.

Explanatory Notes on Ordinary Business:-

1. **Item 1 of the Agenda**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward to shareholders for voting.

2. **Item 3 of the Agenda**

   Section 230(1) of the Act requires that the fees of the directors and any benefits payable to the directors be approved at a general meeting. The benefits comprised of travelling allowance.

Explanatory Notes on Special Business:-

3. **Item 5 of the Agenda**

According to Bursa Malaysia Berhad's letter dated 16 April 2020, one of the additional temporary relief to listed issuers is the increase of general mandate limit for new issue of securities from 10% to 20% which is valid up to 31 December 2021. The proposed Ordinary Resolution 5, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 20% (up to 31 December 2021) or 10% (from 1 January 2022 until the conclusion of the next AGM of the Company) of the of the total number of issued shares of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) without the need to convene a general meeting and for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of next AGM of the Company. This mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to placing of shares, for the purpose of funding working capital, future investment project(s) and/or acquisition(s). At this juncture, there is no decision to issue any new share other than those already approved at the last Extraordinary General Meeting held on 13 April 2021. If there should be a decision to issue any new share after the general mandate is sought, the Company will make an announcement in respect thereof.

The proposed Ordinary Resolution 5 is a renewal of the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. The Company had, at the 16th AGM held on 5 August 2020, obtained its shareholders' approval for the general mandate for issuance of 20% of the total number of issued shares of the Company (excluding treasury shares) pursuant to Sections 75 and 76 of the Act. As at the date of this notice, the Company did not issue any share pursuant to the said mandate.

4. **Item 6 of the Agenda**

The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company the authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. This authority will, unless renewed or revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next AGM or any adjournment thereof of the Company or the expiry of the period within which the next AGM of the Company following the 17th AGM is required by the law to be held. Please refer to the Share Buy-Back Statement dated 3 May 2021 which is circulated together with this Notice for more information.

5. **Item 7 of the Agenda**

The Nomination Committee has assessed the independence of Dato' Haji Johar Bin Murat @ Murad, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) He fulfills the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, he is able to provide a check and balance by bringing an element of objectivity and independent judgement to the Board's deliberations;
b) He brings with him vast experience and expertise to complement the competencies of the other Directors to enhance boardroom discussion and decision;
c) He has been with the Company for more than twelve (12) years and accordingly, is familiar with the nuances and understands the Group's business operations;
d) He has exercised due care and diligence during his tenure as an Independent Non-Executive Director of the Company and carried out his duties professionally and objectively in the interest of the Company and shareholders; and
e) The Company will carry out a two-tier voting on the re-election of Dato' Haji Johar Bin Murat @ Murad at this 17th AGM or any adjournment thereof.

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PROXY FORM

FRONTKEN

FRONTKEN CORPORATION BERHAD
200401012517 (651020-T)
(Incorporated in Malaysia under the Companies Act 2016)

CDS Account No.

No. of shares held

I/We .... Tel. No.: ....
[Full name in block, NRIC No./Company No.]

of ....
[Address]

....
being a member/members of **Frontken Corporation Berhad**, hereby appoint:-

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting ("17th AGM") of the Company to be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor on Thursday, 3 June 2021 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	For	Against
1.	Re-election of Mr Ng Wai Pin	Ordinary Resolution 1		
2.	Re-election of Dr Tay Kiang Meng	Ordinary Resolution 2		
3.	Payment of Directors' fees and Benefits	Ordinary Resolution 3		
4.	Re-appointment of auditors	Ordinary Resolution 4		
5.	Authority to issue shares	Ordinary Resolution 5		
6.	Proposed Renewal of Share Buy-Back Mandate	Ordinary Resolution 6		
7.	Retention of Independent Director	Ordinary Resolution 7		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this .... day of ...., 2021.

....
Signature of Shareholder(s)/Common Seal

Notes:-

1. *A Member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time fixed for convening the Meeting or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIIH Online.*
5. *For the purpose of determining a member who shall be entitled to attend the 17th AGM or any adjournment thereof, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 27 May 2021. Only a depositor whose name appears on the Record of the Depositors as at 27 May 2021 shall be entitled to attend and vote at this 17th AGM or any adjournment thereof or appoint proxies to attend and/or vote on his/her behalf.*
6. *All resolutions at the 17th AGM or any adjournment thereof shall be voted by poll.*

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AFFIX
STAMP

FRONTKEN CORPORATION BERHAD
200401012517 (651020-T)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
MALAYSIA

Then fold here

Frontken Corporation Berhad 200401012517 (651020-T)

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No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya
Selangor Darul Ehsan, Malaysia
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