TURBO-MECH
BERHAD
(Registration No. 200901020166 (863263-D))

Annual Report

2021

Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting ("13th AGM") of TURBO-MECH BERHAD (the "Company") will be held at Tiara Rini Ballroom, The Royale Chulan The Curve Hotel, 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 23 May 2022 at 3:00 p.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. ***(Explanatory Note 1)***

2. To approve a final single-tier dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2021. **(Ordinary Resolution 1)**

3. To re-elect Mr Gan Kok Ten who retires by rotation pursuant to Clause 101 of the Constitution of the Company. **(Ordinary Resolution 2)**

4. To re-elect Mr Tam Juat Hong who retires by rotation pursuant to Clause 101 of the Constitution of the Company. **(Ordinary Resolution 3)**

5. To re-elect Mr Gordon Yong Lin Fooi who retires pursuant to Clause 104 of the Constitution of the Company. **(Ordinary Resolution 4)**

6. To approve the Directors' fees and benefits of up to RM160,000 for the period from 24 May 2022 until the next Annual General Meeting of the Company and the payment thereof. **(Ordinary Resolution 5)**

7. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions:-

8. **Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting 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 ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance."

   (Ordinary Resolution 7)

9. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")**

   "**THAT**, pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter referred to as "**Recurrent Transactions**") with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 22 April 2022 which are necessary for the day-to-day operations of the Company and its subsidiaries subject further to the following:-

   (i) the Recurrent Transactions contemplated are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company; and

   (ii) disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year on the type of Recurrent Transactions made, the names of the related parties involved in each type of Recurrent Transactions and their relationships with the Company.

Notice of Annual General Meeting

AND THAT the approval is subject to annual renewal and shall only continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company following the Thirteenth Annual General Meeting of the Company at which the Proposed Renewal of Shareholders' Mandate will be tabled;

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earliest.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this Proposed Renewal of Shareholders' Mandate, as the Directors of the Company, in their absolute discretion, shall deem fit."

(Ordinary Resolution 8)

10. **Authority for Mr Tam Juat Hong to continue in office as Independent Director of the Company**

"**THAT**, contingent upon the passing of Ordinary Resolution 3, authority be and is hereby given for Mr Tam Juat Hong, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance."

(Ordinary Resolution 9)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single-tier dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2021, if approved, will be paid on 22 June 2022. The entitlement date for the payment is 9 June 2022.

A depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Accounts before 4:30 p.m. on 9 June 2022 in respect of transfer; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Tai Yit Chan (SSM PC No. 202008001023 & MAICSA 7009143)
Chan Yoke Peng (SSM PC No. 202008001791 & MAICSA 7053966)

Company Secretaries

Selangor Darul Ehsan
Date: 22 April 2022

Notice of Annual General Meeting

NOTES:-

(1) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

(2) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(3) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(4) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the registered office before the commencement of this Meeting.

(5) In respect of deposited securities, only members whose names appear on the Record of Depositors on ***12 May 2022*** (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his behalf.

(6) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 13th AGM will be put to vote by way of poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS

(1) **Agenda Item 1 - Audited Financial Statements**

The Audited Financial Statements is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

(2) **Ordinary Resolutions 2, 3 and 4 - Re-election of Directors**

The Board of Directors of the Company (the "Board") via the Nomination Committee ("NC") has reviewed the performance of each Director subject for re-election. The NC and the Board are satisfied with the performance, contribution and effectiveness of the retiring Directors, namely Mr Gan Kok Ten, Mr Tam Juat Hong and Mr Gordon Yong Lin Fooi being eligible, have offered themselves for re-election at the 13th AGM.

The three (3) retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant NC and Board meetings.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 2, 3 and 4 are set out in the Profiles of the Board of Directors on pages 8 and 9 of the Annual Report 2021.

(3) **Ordinary Resolution 5 – Directors' Fees and Benefits Payable**

Section 230(1) of the Companies Act 2016 provides amongst others, that the Directors' fees and benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the members' approval shall be sought at this 13th AGM on the Directors' fees and benefits payable. The amount of Directors' fees only consists of the fees payable to Directors as members of the Board.

The amount of Directors' benefits payable comprises meeting allowances from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to be held in 2023.

The current annual fee for Directors, which was last approved by the Board in 2021 had remained unchanged since financial year 2018. During a review in 2022, the Remuneration Committee recommended and the Board has approved that the fees payable to Directors as members of the Board shall remain unchanged, subject to shareholders' approval at this 13th AGM.

Notice of Annual General Meeting

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS (CONT'D)

(4) **Ordinary Resolution 7 - Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Company had, during its Twelfth Annual General Meeting held on 16 June 2021, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"). The Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 7 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares, if any) of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

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

(5) **Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate**

For further information on Ordinary Resolution 8, please refer to the Circular to Shareholders dated 22 April 2022.

(6) **Ordinary Resolution 9 - Authority for Mr Tam Juat Hong to continue in office as Independent Director of the Company**

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance ("MCCG") published on 28 April 2021, the tenure of an independent director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, shareholders' approval must be sought through a two-tier voting process and the Board must provide justification for the retention.

Mr Tam Juat Hong ("Mr Tam") was appointed as an Independent Non-Executive Director of the Company on 25 May 2012 and has served for a cumulative term of more than nine (9) years as prescribed by the MCCG. In accordance with the MCCG, the NC and the Board, after having assessed the independence of Mr Tam, consider him to be independent based on amongst others, the following justifications and recommend that Mr Tam be retained as an Independent Director of the Company:-

(i) He has confirmed and declared that he is an Independent Director as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
(iii) He actively participates in Board's and Board Committees' deliberations and decision making in an objective manner, exercises due care in all undertakings of the Group and carried out his fiduciary duties in the interest of the Company; and
(iv) The Board is of the opinion that Mr Tam is an important Independent Non-Executive Director in view of his many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in his role as an Independent Non-Executive Director.

Mr Tam has abstained from deliberations and decision on his own retention as Independent Director at the relevant NC and Board meetings.

Pursuant to the MCCG, the Company would adopt a two-tier voting process in seeking annual shareholders' approval to retain an Independent Director beyond nine (9) years.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Gan Kok Ten
Executive Chairman and Chief Financial Officer

Nasaruddin Bin Mohamed Ali
Executive Director and Chief Executive Officer

Tam Juat Hong
Independent Non-Executive Director

Chan Bee Eie
Non-Independent Non-Executive Director

Omar Bin Mohamed Said
Non-Independent Non-Executive Director

Gordon Yong Lin Fooi
Independent Non-Executive Director (Appointed on 16 August 2021)

Azhar Bin Mohamad
Senior Independent Non-Executive Director (Retired on 15 June 2021)

AUDIT COMMITTEE

Tam Juat Hong
Chairman

Chan Bee Eie
Member

Gordon Yong Lin Fooi
Member
(Appointed on 16 August 2021)

Azhar Bin Mohamad
Member
(Retired on 15 June 2021)

REMUNERATION COMMITTEE

Chan Bee Eie
Chairperson

Omar Bin Mohamed Said
Member

Gordon Yong Lin Fooi
Member
(Appointed on 16 August 2021)

Azhar Bin Mohamad
Member
(Retired on 15 June 2021)

NOMINATION COMMITTEE

Gordon Yong Lin Fooi
Chairman
(Appointed on 16 August 2021)

Tam Juat Hong
Member

Chan Bee Eie
Member

Azhar Bin Mohamad
Chairman
(Retired on 15 June 2021)

RISK MANAGEMENT COMMITTEE

Gan Kok Ten
Chairman

Nasaruddin Bin Mohamed Ali
Member

Tam Juat Hong
Member

Omar Bin Mohamed Said
Member

COMPANY SECRETARIES

Tai Yit Chan
SSM Practicing Certificate
No.: 202008001023
MAICSA 7009143

Chan Yoke Peng
SSM Practicing Certificate
No.: 202008001791
MAICSA 7053966

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
(03) 7890 4800
(03) 7890 4650

HEAD OFFICE

39-5, Jalan PJU 1/41, Block D1
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
(03) 7805 5592
(03) 7804 7801
info@turbo-mech.com
http://www.turbomech.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
(03) 7890 4700
(03) 7890 4670

AUDITORS

Ernst & Young PLT
Registration No. 202006000003
(LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SOLICITOR

CH So & Associates
Lot 5.57, 5th Floor
Wisma Central
Jalan Ampang
50450 Kuala Lumpur
(03) 2164 9909
(03) 2162 8596

PRINCIPAL BANKER

United Overseas Bank (Malaysia) Bhd.

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Sector : **Trading/Service Sector**
Stock Name : **TURBO**
Stock Code : **5167**

CORPORATE STRUCTURE

TURBO-MECH BERHAD

- **100%** **Turbo-Mech Asia Pte. Ltd.**
  - **100%** Rotodyne Phils. Inc.
  - **100%** PT Turbo-Mech Indonesia
  - **50%** TM-Elflow Pte. Ltd.
  - **75%** Scallop (S) Pte. Ltd.
  - **99.8%** Turbo-Mech (Thailand) Co. Ltd.
  - **30%** Rotodyne Sendirian Berhad
- **42.5%** **Bayu Purnama Sdn. Bhd.**
  - **100%** Bayu Manufacturing Sdn. Bhd.

DIRECTORS' PROFILE

GAN KOK TEN

- *Executive Chairman*
- *Chief Financial Officer*
- *Chairman of Risk Management Committee*

(Malaysian, aged 46, Male)

Gan Kok Ten was appointed to the Board on 15 October 2009. He was subsequently redesignated as the Executive Chairman on 24 November 2015.

He obtained a Bachelor in Commerce from Griffith University, Australia in 1999 and started his career with Apex Healthcare Berhad in 2000 as a Sales Executive in the pharmaceutical division.

In 2002, he joined Turbo-Mech Asia Pte. Ltd. as a Manager, where he was responsible for the sales division in the Singapore region. In 2003, he was appointed as Director in charge of the Singapore and Brunei markets. Subsequently, his responsibility was expanded to the Indonesia and Vietnam regions in 2007.

He is also responsible for the planning and execution of the overall business strategies of the Group. He plays a key role in the growth, development and the strategic direction of the Group, including implementing management policies and overseeing marketing and sales activities.

He is the brother-in-law of Chan Bee Eie, a Non-Independent Non-Executive Director of the Company and also the brother of Gan Kok Tin, who is deemed to be a major shareholder of the Company. He is a major shareholder of the Company. Save as disclosed, he does not have any other family relationships with any other director and/or major shareholder of the Company, or any conflict of interest in any business arrangement involving the Company. He attended all of the four (4) Board meetings held in the financial year ended 31 December 2021. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

NASARUDDIN BIN MOHAMED ALI

- *Executive Director*
- *Chief Executive Officer*
- *Member of Risk Management Committee*

(Malaysian, aged 58, Male)

Nasaruddin Bin Mohamed Ali was appointed to the Board on 15 October 2009 as a Non-Independent Non-Executive Director. On 1 March 2012, he was redesignated as an Executive Director and was later appointed as Chief Executive Officer of the Company and the Group on 13 August 2012.

He obtained a Bachelor of Science in Mechanical Engineering from the University of Texas, United States in 1987. He was a registered member with the Board of Engineers, Malaysia.

He started his career in 1988 as process engineer in Intel Technology Sdn. Bhd.. Later, he was promoted as Senior Engineer, Process and Equipment. Subsequently in 1993, he joined Johnson Controls (M) Sdn. Bhd. as Manager, Technical Sales until 1996. From 1996 until 1998, he worked with SAAG Oil and Gas Sdn. Bhd. as Manager, Sales and Marketing.

From 1998 until present, he serves as Executive Director of Bayu Purnama Sdn. Bhd. and Bayu Manufacturing Sdn. Bhd., the associate companies of Turbo-Mech Berhad.

He does not have any other family relationships with any director and/or major shareholder of the Company, or any conflict of interest in any business arrangement involving the Company. He attended all of the four (4) Board meetings held in the financial year ended 31 December 2021. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

Directors' Profile

TAM JUAT HONG

- *Independent Non-Executive Director*
- *Chairman of Audit Committee*
- *Member of Nomination Committee*
- *Member of Risk Management Committee*

(Malaysian, aged 70, Male)

Tam Juat Hong was appointed to the Board on 25 May 2012.

He graduated from the University of Malaya in 1975 with a Bachelor of Economics (Accounting) Degree (First Class Honour) and obtained a Diploma in Accounting (Post Graduate course) in 1976 in the same university. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He joined Kassim Chan & Co with the Audit and Assurance team from 1976 to 1980 before joining Utama Merchant Bank Berhad from 1980 to 1999. His main responsibilities were heading the Corporate Finance which provided advisory on mergers/acquisitions, restructuring of companies for IPO and/or for rehabilitations, capital raising in the stock market via shares/bond/other derivatives, share/debenture issuance and placements of share/equity. His experience in the investment bank included heading Treasury and Portfolio Investment department for a period of more than one (1) year.

He then joined Dunham-Bush Holding Berhad, a listed multinational company in Malaysia which was taken private in 2007. He joined as a General Manager of Finance in 1999 and retired as Director of Finance in 2011. His main responsibilities were to oversee the corporate/finance and accounts/legal departments of the overseas subsidiaries and Malaysian operations.

He does not have any other family relationships with any director and/or major shareholder of the Company, or any conflict of interest in any business arrangement involving the Company. He attended all of the four (4) Board meetings held in the financial year ended 31 December 2021. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

GORDON YONG LIN FOOI

- *Independent Non- Executive Director*
- *Chairman of Nomination Committee*
- *Member of Audit Committee*
- *Member of Remuneration Committee*

(Malaysian, aged 54, Male)

Gordon Yong Lin Fooi was appointed to the Board on 16 August 2021.

He obtained a Bachelor of Science in Business Administration from University of Arkansas, United States of America in 1988. He also graduated from Monash University, Melbourne, Australia in 1992 with a Bachelor of Laws and subsequently obtained a Diploma in Islamic Law (Islamic Banking) from International Islamic University, Malaysia in 2009. He is a member of Malaysian Bar Council since 1993 and qualified as Certified Mediator with Panel of Mediators of the Malaysian Mediation Centre in 2007. Besides that, he is a Registered Trade Mark Agent with Malaysia Intellectual Property Organisation since 2009.

He started his career with Messrs Zailan & Co. Advocates & Solicitors and was appointed as Managing Partner of the Kuala Lumpur and Nilai branches since 2000. He has wide exposure to bank documentation, conveyancing, corporate mergers & acquisitions, litigation and various commercial contracts. He also acted as legal advisor for many banks, corporations, SMEs and individuals throughout his legal career.

Beside his role as a Managing Partner in Messrs Zailan & Co., Kuala Lumpur and Nilai, he served on the Bar Council's Practice Management Support Committee in the past. He also served as President and General Committee of the Royal Sungei Ujong Club, Seremban for 8 years. The duties encompassed liaison with the Royal Patron DYMM Yang Di Pertuan Besar Tuanku Muhriz and the Royal Family of Negeri Sembilan and also the Negeri Sembilan State Government on numerous occasions and the overall management of the esteemed Royal Club.

He does not have any other family relationships with any director and/or major shareholder of the Company, or any conflict of interest in any business arrangement involving the Company. He attended the two (2) Board Meetings held in the financial year ended 31 December 2021 since the date of his appointment. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

Directors' Profile

CHAN BEE EIE

- *Non-Independent Non-Executive Director*
- *Chairperson of Remuneration Committee*
- *Member of Audit Committee*
- *Member of Nomination Committee*

(Malaysian, aged 42, Female)

Chan Bee Eie was appointed to the Board on 16 April 2012.

She graduated from the University of Manchester, United Kingdom in 2001 with a Bachelor degree in Accounting and Finance and obtained a Master degree in Finance from the London School of Economics in 2002. She is a member of the Association of Chartered Certified Accountants (ACCA).

She joined PricewaterhouseCoopers and was with the Audit and Assurance Services team from 2003 to 2006 before joining the Audit team in Deloitte Touche Tohmatsu Hong Kong in 2006. Her main roles with the accounting firms were to provide audit and assurance services, with diverse range of clients involved in trading, manufacturing, construction, property, plantation and automobile.

She then joined JP Morgan Hong Kong as a Manager in 2007 with the Client Services team, a division within the Asset Management, offering clients with portfolio valuations and accounting reports.

She is the sister-in-law of Gan Kok Ten, the Executive Chairman cum Chief Financial Officer and also a major shareholder of the Company. She is the spouse of Gan Kok Tin, who is deemed to be a major shareholder of the Company by virtue of the shareholding of his brother, Gan Kok Ten and Mosgan Holdings Sdn. Bhd. which hold 54.90% equity in the Company. Save as disclosed, she does not have any other family relationships with any other director and/or major shareholder of the Company, or any conflict of interest in any business arrangement involving the Company. She attended all of the four (4) Board meetings held in the financial year ended 31 December 2021. She has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

OMAR BIN MOHAMED SAID

- *Non-Independent Non-Executive Director*
- *Member of Remuneration Committee*
- *Member of Risk Management Committee*

(Malaysian, aged 39, Male)

Omar Bin Mohamed Said was appointed to the Board on 25 February 2011.

He holds a Bachelor of Science (Honours) degree in Management (Accounting and Finance) from the University of Manchester Institute of Science & Technology, United Kingdom.

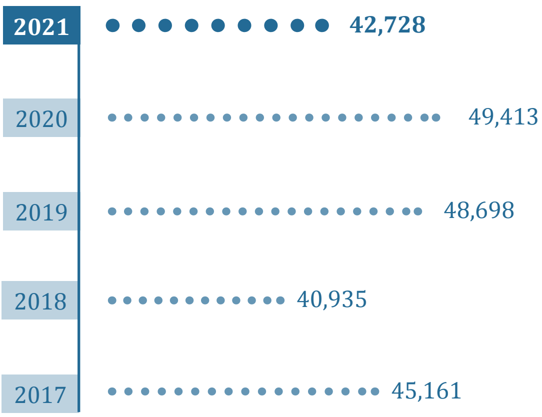
He started his career in Ernst & Young as an associate under Assurance and Business Services Group. He has experience in providing assurance and advisory services in the area of statutory audit. He is an Independent Non-Executive Director in Poly Glass Fibre (M) Berhad since 7 October 2003. From 2006 until present, he is the Managing Director of Flowco Malaysia Sdn. Bhd., which specialises in downstream retail oil and gas equipment and services.

He does not have any other family relationships with any director and/or major shareholder of the Company, or any conflict of interest in any business arrangement involving the Company. He attended all of the four (4) Board Meetings held in the financial year ended 31 December 2021. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

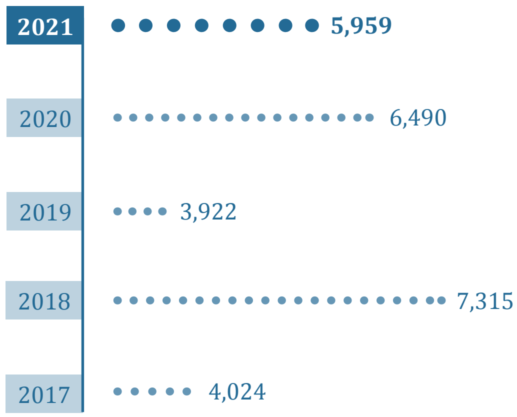
FINANCIAL HIGHLIGHTS

	FY 2021 RM	FY 2020 RM	FY 2019 RM	FY 2018 RM	FY 2017 RM
Revenue	**42,727,890**	49,413,049	48,697,881	40,935,379	45,160,549
Profit before tax	**5,958,940**	6,490,116	3,921,811	7,315,396	4,023,972
Profit for the year attributable to owners of the parent	**5,043,544**	5,383,306	2,997,623	6,546,255	3,095,829
Earnings per shares attributable to owners of the parent (sen per share)	**4.67**	4.98	2.78	6.06	2.87

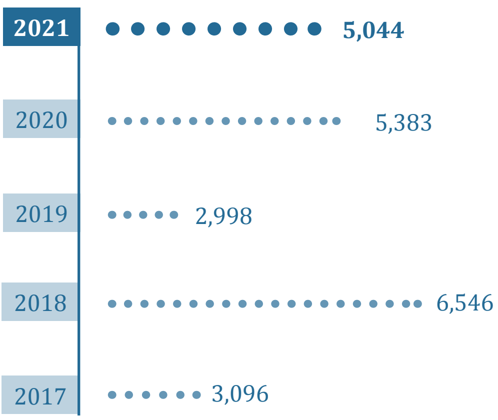
REVENUE
(RM Thousand)



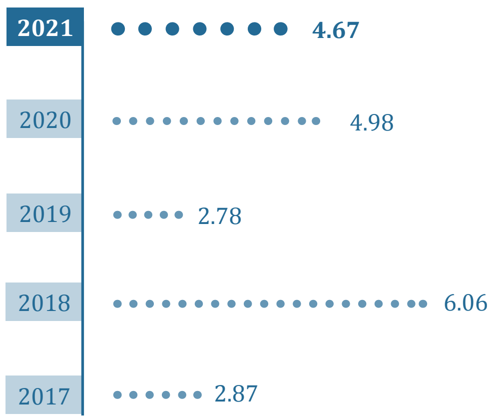
PROFIT BEFORE TAX
(RM Thousand)



PROFIT FOR THE YEAR
(RM Thousand)



EARNINGS PER SHARES
(Sen Per Share)



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS & OPERATIONS

Turbo-Mech Berhad is the investment holding company for a group of companies engaged in the sale of rotating equipment and spare parts as well as providing maintenance and overhaul services for rotating equipment. The types of rotating equipment currently marketed by our Group are pumps, compressor and turbines. The Group's operation covers the South East Asia region, and can be segmented into Malaysia, Singapore, Indonesia, Philippines, Thailand and Others countries. The Singapore segment which includes the operation results from Vietnam branch office is the major contributor to the Group's revenue. Meanwhile the Group has presence in Malaysia and Brunei through its associated companies.

OVERVIEW OF GROUP OBJECTIVES AND STRATEGIES

Our Group is strategically positioned in between the equipment manufacturers and the end users in the value chain with focus in oil and gas, petrochemical and chemical industries. The equipment manufacturers who are our principals, offers a range of products that are API Standards compliance.

Our wide network that covers a number of countries in South East Asia enables us to be logistically close to customers and have the abilities and capabilities to fulfil our customers' needs.

We will continue to maintain a lean organisation and flexible culture in order to be responsive to the markets' requirement. Our staff turnover is low and we maintain an excellent relationship with our customers as well as our principals. We believe our close geographical proximities will be of advantage to respond to the customers need effectively.

REVIEW OF FINANCIAL RESULTS

Revenue

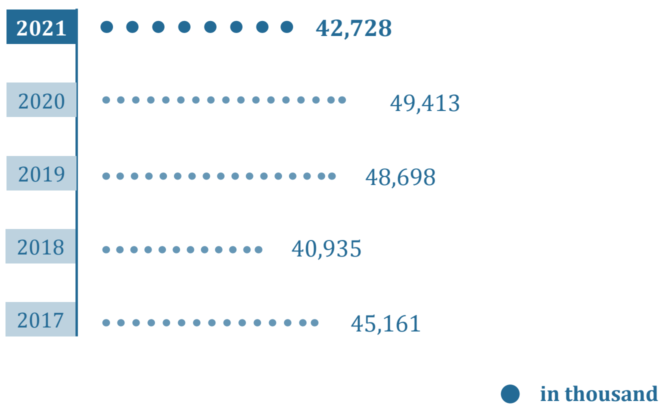
In FY2021, revenue decreased by 13.6% or RM6.7 million to RM42.7 million from RM49.4 million previously as a result of weaker sales recorded. However, the lower sales were cushioned by better margins earned due to favourable change in sales composition and lower foreign exchange losses. The segment's revenue decreased due to reduced sales in pump and equipment deliveries, weaker orders and delay in project deliveries which were mitigated by higher revenue contribution from rotating pump repair services in comparison to the corresponding period.

Despite our business was categorised as an essential service in the countries we operate, the Group still suffered a slow start at the beginning of 2021 due to deferment of field development and upstream projects. Such delays on project awards at final decision stage and the lack of funding for project owners remained as key risks for the industry. However, the year brought by a sense of positivity as the oil price has gradually increased from USD51 to USD78 as at year end; the Group has then slowly captured the orders and resume the projects that have been delayed at beginning of the year. Meanwhile, the levels of scheduled maintenance activities and other after-sales activities remained positive throughout the year.

Despite the obstacles we faced, the Group has responded well to cushion the adverse impact of a turbulent year and that reflected with some pick up during the second half of the year. It is our responsibility to tackle the disruption in businesses caused by pandemic persistency. We have conducted strategy meetings and business strategies reviews during the year to ensure operational sustainability. We continue to hold engagement sessions with customers and partners to identify new opportunities. Steps are undertaken to make sure we are stay competitive in the market.

The oil and gas industry remains challenging due to the uncertainties brought on by the COVID-19 pandemic and long term volatility in oil prices. To accommodate and prepare for the current and future demands, the group will continue to strengthen business capabilities and work towards extending its product and service offerings by collaborating with potential principal. Equally important, we have continuously improves our in-house expertise to provide top-notch solutions and added value to our customers.

Group Sales Revenue 2017-2021

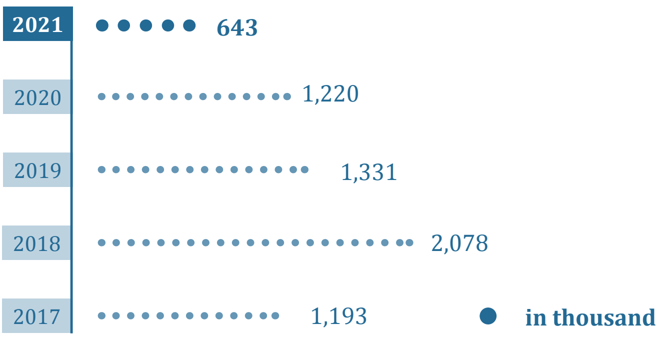


Management Discussion and Analysis

Share of result of associates

The shares of net profit from the associated companies decreased by 47.5% to RM0.64 million from RM1.22 million in the previous year. Bayu Purnama Sdn Bhd being the main contributor of associates result has pulled through a very difficult year in 2021 to emerge still profitable. Petronas, being the largest Oil and Gas company in Malaysia and also main customer of Bayu Purnama Sdn Bhd, has focused on cost-compression along with continued tight fiscal disciplines to ensure the resiliency and sustainability of their businesses. This has undeniably impact the financial performance of the associate. Bayu Purnama remains confident that by continued focus on commercial and operational excellence while preserving healthy levels of liquidity will ensure the sustainability of the associate businesses.

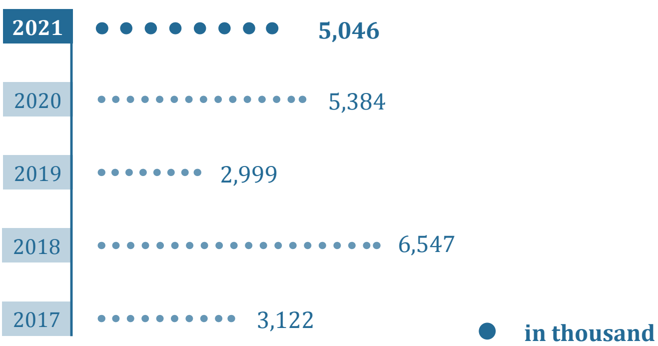
Group Share of Results of Associates 2017-2021



Profit after Tax

We recorded net profit after tax of RM5 million which represents 11.8% net profit margin compared with 10.9% net profit margin in previous financial year. The decrease in net profit was mainly due to our customers are taken a careful stance in spending. Besides that, sporadic outbreaks of Covid-19 across the region have a dampening effect on sales performance too, as it has caused delay in some delivery of products and scheduled maintenance service. No doubt the profit after tax was hugely impact from the sales, sales margin and operating expenditure; the unrealised foreign gained and higher contribution from joint venture during the year has impact our profit after tax in current year in positive manner, which lead to commendable result if compare with prior year.

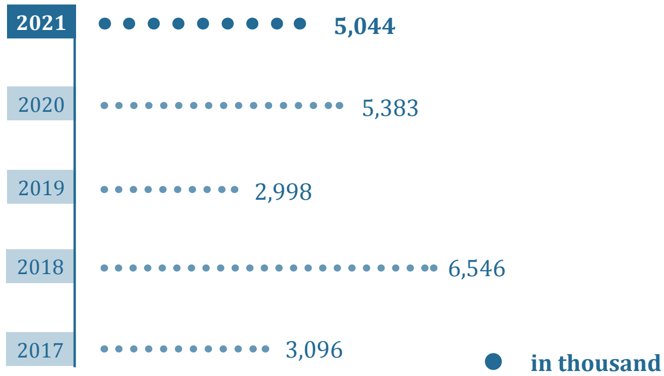
Group Profit After Tax 2017-2021



Attributable Net Profit

The Group's net profit attributable to shareholders was amounting at RM5 million in the financial year, as compared to the previous financial year of RM5.4 million. As a result, the Group's earnings per share stood at 4.67 sen compared to 4.98 sen for the previous financial year.

Group Profit After Tax Attributable to Shareholders 2017-2021



Financial Position

At 31 December 2021, the Group's shareholders' fund rose from RM112 million recorded at the end of 2020 to RM115 million and net assets per share increased from RM1.04 to RM1.06.

The Group continues to maintain a healthy financial position with a cash position of RM50.8 million or net cash per share of 47 sen and current ratio of more than 7 times as at 31 December 2021.

While our group revenue was down, we have demonstrated our strong cash generation ability despite considerable market volatilities. The Board of Directors is therefore pleased to propose a first and final dividend of 2 sen per ordinary share for the financial year ended 31 December 2021 at the forthcoming Annual General Meeting on 23 May, 2022.

Management Discussion and Analysis

REVIEW OF OPERATING ACTIVITIES

The Group operations recorded reduced business activities as a result of the challenging market and economy downturn due to the prolonged COVID-19 pandemic. During the year, the Group's earnings were driven by projects secured as backlogs at the end of 2020. It is because despite our business was categorised as essential business and allowed to operate in most of the countries, it has still caused delay by the series of lockdown and measures imposed by the respective governments.

The resurgence of COVID-19 cases worldwide and fresh lockdown has negatively impact the region economy. We are operational in 7 countries in the region and the business has been exposed to the risk arises from COVID-19. In relation to that, the Group places a strong emphasis to mitigate the risk related to the COVID-19 outbreak. We have a pandemic preparedness plan as part of business sustainability. We have implemented several risk mitigation strategies that focus on split working teams and alternative sourcing strategies to minimise the impact of supply disruptions. We have conduct proper communications with clients on any delay or disruptions caused by the COVID-19 outbreak or additional measures related to that.

The Group has been gradually developing a reputation as a responsible and respected operator in oil and gas industry. Our wholly owned subsidiary, Turbo-Mech Asia Pte Ltd ("TMA"), has act as pioneer to our Group by relentlessly strengthen our Health, Safety, Security and Environment ("HSSE") practices and procedures to ensure the safety of our stakeholders. TMA's HSSE Policy was ISO 45001:2008 certified since year 2019. In year 2021, we are proud to report that TMA received a bizSAFE Star - Level 5, a Singaporean recognised capacity building programme designed to assist companies develop and enhance workplace safety capabilities. Level 5 is the highest attainable rank. Moving forward, the Group's objective will be always cognisant of the associated risks and HSSE considerations in all that we do. Further discussions of HSSE are set out separately in the Sustainability Statement of the Annual Report on page 22.

Despite the challenges and restrictions imposed due to the pandemic, the Group will continued to cushion the risk factors by improve our maintenance and overhaul services and enhancing our operational excellence and prudent business decision making. Overall, the focus of the Group will continue to remain on our few key priorities — securing the sales and realizing the cash flow, lowering capital spending, strengthening customer's service and maintenance operations and divesting into new business opportunities related to Oil and Gas industry.

PROSPECTS

The global economic outlook has just showing some signs of improvement towards year 2022. However the spread of new variants are dampening the overall outlook and it is uncertain how long this will last. The expected acceleration in the inflation rate on coming year due to continuing disruptions in global supply chains and turmoil in the labour markets will no doubt affect the cost price of all products. Logistic costs are likely to remain at higher rate due to congestions at ports and shortage of vessels. At the same time, currency volatility is to be expected.

Despite there remains much uncertainty, we are cautiously optimistic that there will be continued or increase in demand for natural resources fuelled by global economic recoveries post COVID-19. The global vaccine rollout rate and recovery of consumption level too will lead to higher demand of oil and gas. This will encourage growth in oil and gas industry, thereby spurring market requirements for our products and services.

Over the years, the Group has managed to safely ride through several economic downturns and financial turmoil and we see no different that the Group can navigate through the challenging business landscape. We must retain the agility that has allowed us to navigate the many hurdles which has brought us our current position. Our objective will not be moved and we will continue strengthen our foothold in ASEAN region by steadfast in executing our strategies and sustaining our operational efficiencies while maintaining fiscal discipline.

We have set our sights on optimising business sustainability and continue to remain prudent in our approach. With that in mind, the Group will continue to improve operational excellence, remain focus on the opportunities available, developing new capabilities, preserving cash and working closely with customers, employees and all stakeholders. Further with the stewardship and astute insights of our Board and disciplined execution of strategy by management, the business prospect of the Group will remain positive and encouraging.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY STATEMENT

Turbo-Mech Berhad ("Turbo-Mech" or "the Group") is driven by our purpose of being a *total solutions provider* for the oil, gas, and petrochemical industries across South East Asia. As we continue to grow and develop, we understand that operating with responsibility and sustainability will be the key to our continued success. In this, our fifth consecutive sustainability statement, we outline our journey and achievements against environmental, social, and governance ("ESG") topics and targets, as we work together towards a sustainable future.

Scope and Reporting Period

The reporting period covered in this statement is from 1 January 2021 to 31 December 2021 ("FY2021"). The scope of the statement includes our associate company in Malaysia (Bayu Purnama Sdn. Bhd.), our subsidiary in Singapore (Turbo-Mech Asia Ltd.), and the Group's headquarters in Petaling Jaya, Selangor, Malaysia.

Reporting Framework

This statement has been prepared in accordance with Bursa Malaysia's Sustainability Reporting Guide (2nd Edition). The statement has also been prepared with reference to the Global Reporting Initiative ("GRI") Standards. For a full list of disclosures made against the GRI standards, and where to find them within this statement, refer to the GRI content index on page 25.

Feedback on this Report

We strive for constant improvement and welcome any feedback or inquiries on this statement. Please contact us at:

Mr. Tay Wee Bon
Finance Manager
wbtay@bayupurnama.com.my
03-78055592

TURBO-MECH'S SUSTAINABILITY JOURNEY

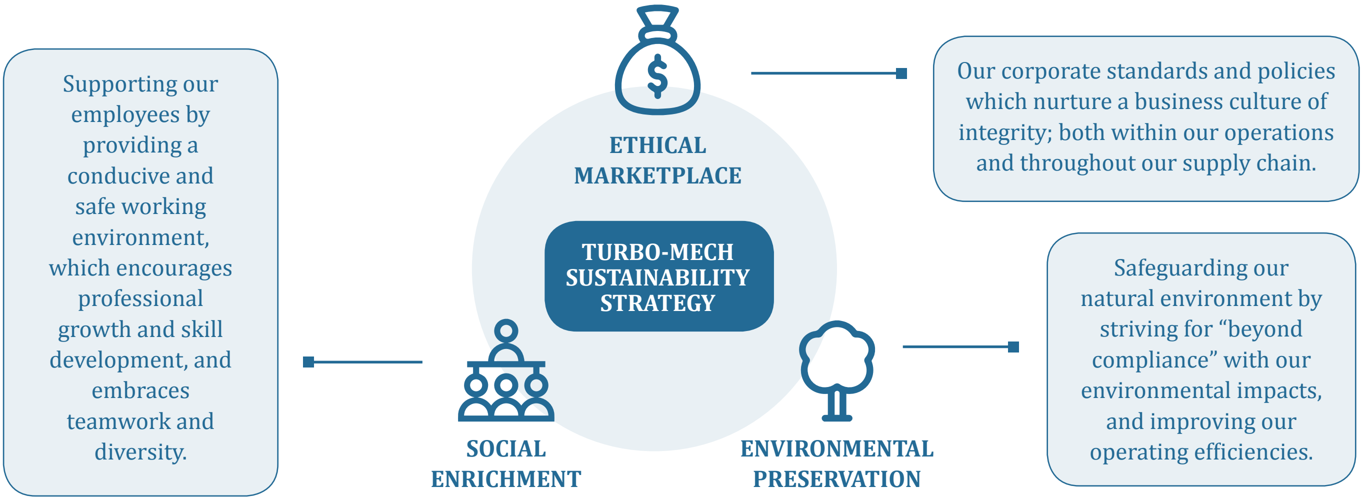
Since our inaugural sustainability statement in FY2017, we have been working steadily towards reporting initiatives and our performance against the ESG aspects of the business. This year, we have begun to introduce key performance indicators ("KPIs") to enable us to benchmark our ongoing performance. Moving forward, we aim to gradually establish a full set of KPIs corresponding to each of the three sustainability pillars. For our first year of adopting KPIs, we have selected Customer Satisfaction, a topic which is one of the most relevant to our business.

FY2017	FY2018	FY2019	FY2020	FY2021
First Sustainability Statement and materiality assessment based on Bursa Malaysia Sustainability Reporting Guidelines	Adopted the Global Reporting Initiatives (GRI) Standards	Adopted three UN Sustainable Development Goals	Expanded Waste Management to include Energy and Water as well as redefined our sustainability strategy pillars	Introduced our first Key Performance Indicator - Customer Satisfaction

Sustainability Statement

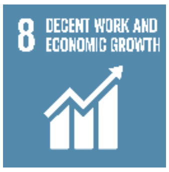
SUSTAINABILITY STRATEGY

Our overarching sustainability strategy is supported by three pillars: *Ethical Marketplace, Social Enrichment and Environmental Preservation*. The sustainability strategy exists to consolidate the Group's commitment to sustainable practices, and to provide a framework which the entire team can use as guidance when working towards our shared sustainability ambitions.



THE UNITED NATIONS SDGS

The United Nations Sustainable Development Goals ("UN SDGs") were introduced in 2015 and outline the UN's ambitious global blueprint towards "sustainable development for all". Since 2019, Turbo-Mech has adopted three SDGs which are most relevant to the business, and where it can have an impact and contribute effectively.



- Strict compliance to COVID-19 safety procedures to ensure employee health
- Increased average training hours from the previous year by 112%

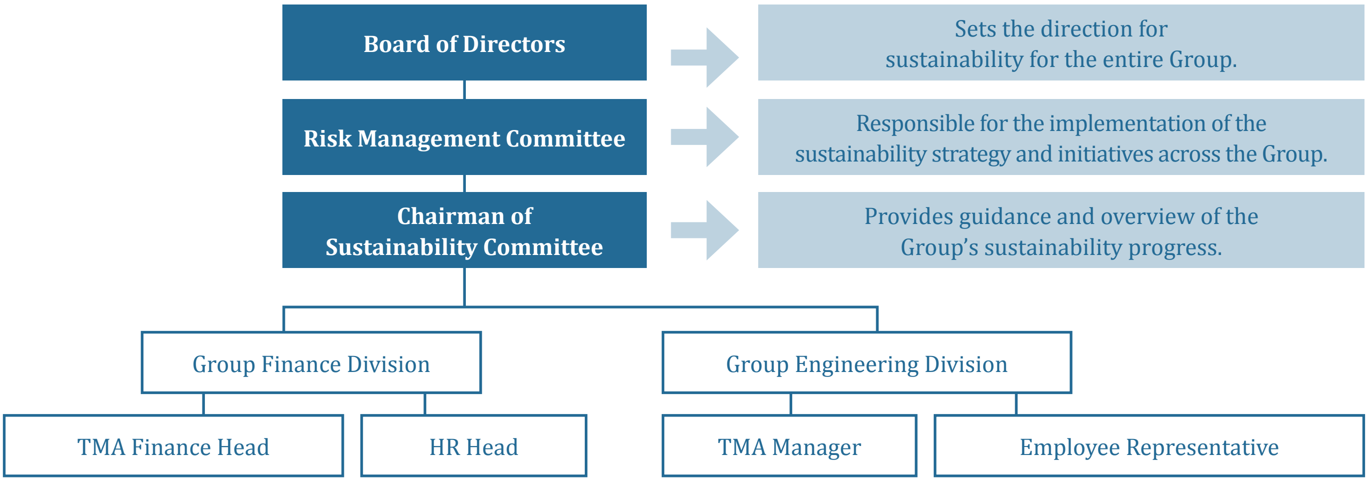
- All waste collected by licensed contractors for correct disposal
- Scrap metal waste is diverted from landfill for recycling

- Turbo-Mech's Code of Conduct, Whistle-Blowing Policy and Anti- Bribery Management System Policy demonstrate our commitment to ethical behaviour and anti-corruption

Sustainability Statement

SUSTAINABILITY GOVERNANCE

Turbo-Mech's sustainability governance structure is the backbone supporting our sustainability strategy, with clear accountabilities for oversight and implementation of our sustainability commitments. The Board of Directors is at the apex of our governance structure, and is ultimately responsible for setting the sustainability direction for the Group. The Board is supported by the Risk Management Committee, and the Chairman of the Sustainability Committee, with further sustainability recommendations and monitoring conducted by representatives of Group Finance and Group Engineering Divisions.



- Assess the planning and allocation funds for the Group's sustainability strategies
- Ensure compliance with financial regulations
- Assist in decision-making based on analysis of the Group's economic impacts

- Recommend action plans to incorporate sustainable practices in engineering operations
- Ensure compliance with environmental regulations
- Monitor economic, environmental and social impacts of engineering operations
- Promote technology and equipment that deliver quality products and service

STAKEHOLDER ENGAGEMENT

	Areas of Interest	Turbo-Mech's Response and Frequency of Engagement
Investors	• Corporate financial performance • Succession planning	• Annual general meetings (conducted virtually this year) are held to consult with and safeguard the interests of shareholders • Quarterly financial statement (conducted virtually this year) ensures stakeholders receive information in a timely manner
Clients	• Competency • Innovation and technology • Worker's health and safety • Cost of products and services • Response time and deliver • Reaction time to complaints and enquires (aftersales service)	• Daily/weekly face-to-face meetings, workshop visits and troubleshooting sessions (held virtually this year) were to create a culture of prioritising clients • Biannual product training and weekly witness testing (held both virtually and physically, when permitted) were to ensure client satisfaction • The corporate website is available 24/7 for customers to submit queries and concerns

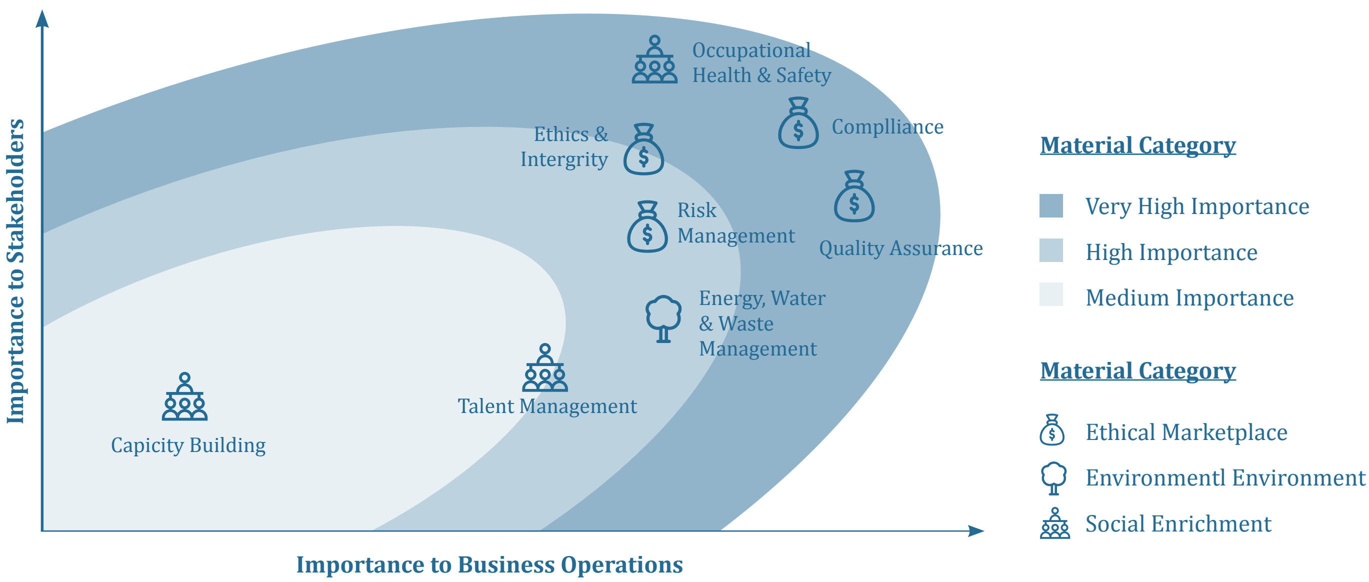
STAKEHOLDER ENGAGEMENT (CONT'D)

	Areas of Interest	Turbo-Mech's Response and Frequency of Engagement
Employees	• Career development • Safe and healthy workplace • Remuneration • Succession Planning	• Training programmes and project assignments throughout the year aligned with the Group's business goals • Annual appraisals for all employees to evaluate work performance and review opportunities for career advancements • Regular training on Occupational Health and Safety (OHS) practices to strengthen the safety culture at the workplace • Monthly employee engagement sessions such as festive events and exercise sessions
Regulatory Agencies and Statutory Bodies	• Labour practices and compliance • Environmental compliance • Workplace safety	• Investigations into workplace safety incidents • Annual inspection of equipment to ensure the health and safety of employees is properly taken care of • Unannounced inspections and visits to ensure best practices of waste management
Suppliers	• Competency • Response time and delivery	• Face-to-face meetings • Regular communication via electronic methods to update on product features and end-user demand • Product training (virtual and physical) with suppliers to implement effective supply chain management

OUR MATERIAL MATTERS

During FY2018, we identified eight material sustainability matters that were most relevant to our business operations and to our stakeholders. This year, given the impacts of COVID-19, we re-assessed the priority of our materiality matters by conducting a materiality assessment exercise with the members of the Workplace Safety and Health ("WSH") Committee. The goal was to assess how the pandemic may have impacted our ESG priority areas. The eight material matters identified in FY2018 have remained the same, and their relative priority is plotted on the matrix below.

Turbo-Mech's Materiality Matrix FY2021



Compliance has moved up in position compared to FY2020 and is now ranked as our highest priority material matter. *Occupational Health & Safety* and *Quality Assurance* are the other top two material matters of 'very high importance'. These three material matters were also considered our highest priority in previous years.

Risk Management has been ranked higher within the 'high importance' category and *Capacity Building* has moved down to 'medium importance'. The other material matters have remained relatively unchanged. This changes in the ranking of matters this year is a fair reflection of COVID-19 impacts on our operations, with a higher priority placed on compliance, health and safety, and risk management.

Sustainability Statement

OUR MATERIAL MATTERS (CONT'D)

Mapping the Material Matters

Our material matters represent the economic, environmental and social risks within the business which need to be addressed as they define our capability to be sustainable and future-ready for emerging challenges. The UN SDGs, our three sustainability pillars and the interests of specific stakeholder groups are connected to these risks and opportunities. The table below demonstrates the interlinkage between these components.

Our Pillars	**Ethical Marketplace**	**Environmental Preservation**	**Social Enrichment**
Our Material Matters	• Ethics and Integrity • Quality Assurance • Compliance • Risk Management	• Energy, Water, and Waste Management	• Occupational Health and Safety • Capacity Building • Talent Management
United Nations SDGs	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8 DECENT WORK AND ECONOMIC GROWTH
Relevant Stakeholder Groups	• Investors • Employees • Regulatory Agencies and Statutory Bodies • Clients • Suppliers	• Regulatory Agencies and Statutory Bodies • Suppliers	• Employees • Regulatory Agencies and Statutory Bodies • Investors

KEY PERFORMANCE INDICATORS

This year, as we strive towards continuous improvement in our ESG practices, we have begun establishing a series of KPIs within each of the three sustainability pillars. These KPIs will be introduced one year at a time, as our practices and reporting improve.

For our first KPI, we are targeting a customer satisfaction score of 80% at both Turbo-Mech Asia Pte. Ltd. and Bayu Purnama Sdn. Bhd.

Customer satisfaction is a direct reflection of our product and service quality, brand reputation, and reliability. By tracking customer satisfaction and striving for continuous improvement, we expect to see positive effects throughout all elements of our business, from the warehouses to our headquarters. Customer satisfaction is measured through an annual survey encompassing product and service delivery performance. The surveys gather feedback on topics including product reliability, delivery management, and customer communications.

We are pleased to have met our first KPI for FY2021 at Turbo-Mech Asia Pte. Ltd., with an achieved customer satisfaction score of 88.7%. Bayu Purnama Sdn. Bhd. achieved a score just short of the target, with 79.5%. The surveys have enabled us to identify key areas for improvement which can be implemented to improve the customer experience as we strive to achieve our KPI for both business units next financial year.

Sustainability Statement

ETHICAL MARKETPLACE

Ethics and compliance are at the heart of our business practices and they drive performance and create value responsibly and ethically. Our operations are run with integrity and supported by a robust framework of risk management, processes and policies that enhance the quality of our services.

Ethics and Integrity

We have established three corporate policies which together embody our culture of ethical behaviour and business practices at Turbo-Mech. These are the Code of Conduct ("CoC" or "the Code"), the Whistle-Blowing Policy, and the Anti-Bribery Management System Policy, which were established last year. All three policies are available on our corporate webpage and are reviewed and updated when required.

The Code of Conduct was established to encourage an ethical work culture among employees across all levels of employment in the Group. Outlining the expectations for employee behaviour at Turbo-Mech, the code describes the management of potential conflict of interest, engagement with stakeholders, and health and safety. The Code is communicated to employees during onboarding and regularly during internal business meetings.

The Whistle-Blowing Policy and supporting mechanism provide a safe and confidential channel for concerned parties to report grievances relating to Turbo-Mech's business practices, including fraud, harassment, or misuse of information. Whistle-blowers who make a report in good faith are protected from retaliation or disciplinary action.

The Anti-Bribery Management System Policy is a detailed policy for identifying and managing areas with potential risks of corruption. Third-parties who engage with Turbo-Mech are also required to sign a declaration form stating compliance to the Group's Anti-Bribery Management System Policy. The Policy encompasses bribery and corruption comprehensively, including gifts, hospitality and entertainment, dealing with public officials, political contributions, dealing with third parties, recruitment, and record keeping.

On 1 December 2020 the Board of Directors, members of management, and senior finance personnel attended a webinar on the Malaysian Anti-Corruption Commission ("MACC") Section 17A (Corporate Liability) covering information on the Corporate Liability Provision and Anti-Bribery Management Awareness.

Quality Assurance

At Turbo-Mech Asia, the Management System is ISO 9001:2015 (Quality Management System) certified. Every nine months we undergo external quality control audits, which are supported by an annual internal audit to maintain our best practices, ensuring our products and services meet client expectations with consistency and reliability.

The Group also conducts a regular survey to monitor its product and service delivery performance. The surveys are distributed annually and encompass product reliability, delivery management, and customer communications. Results of the survey are discussed during the annual Management Review Meeting, allowing for improvements and solutions to be proposed where applicable.

Customer Satisfaction Survey Results		
	Turbo-Mech Asia Pte Ltd	Bayu Purnama Sdn Bhd
FY2019	83.22%	77.50%
FY2020	85.63%	83.14%
FY2021	88.72%	79.54%

ETHICAL MARKETPLACE (CONT'D)

Compliance

Compliance with relevant laws and regulations is essential, not only to avoid fines or penalties from regulatory authorities, but also to maintain a positive image with the wider public. We provide clear policies, effective communication and the necessary training across our subsidiaries to keep our teams updated regarding the regulatory landscape and to prioritise the need for compliance throughout our operations.

Turbo-Mech consults with external auditors, and uses relevant ISO standard materials for support as necessary. In FY2021, we had zero incidents of non-compliance. We maintain a comprehensive legal register to remain abreast of any changes to laws or regulations which may affect our operations, such as the changes due to COVID-19 experienced over the last two years.

Malaysia	Singapore
• Employment Act 1955 • Factories and Machinery Act 1967 • Environmental Quality Act 1974 • Fire Services Act 1988 • Minimum Wage Order 2016 • Companies Act 2016 • Malaysian Code on Corporate Governance 2021 • COVID-19 (Temporary Measures) Act 2020 • COVID-19 (Temporary Measures) (Control Order) Regulations 2020	• Environmental Public Health Act 1987 • Companies Act 2014 • Employment Act 2019 • Workplace Safety and Health (medical examination) Regulation • Infectious Diseases (Workplace Measures to prevent spread of COVID-19) Regulations 2020

Risk Management

Early anticipation of potential risks enables informed decision making, and improves business resilience. The risk management process deployed throughout our operations, helps identify, assess, mitigate, and monitor Turbo-Mech's main risks.

Turbo-Mech's Risk Management Committee ("RMC") has responsibility for oversight of the Group's risk management procedures. The RMC reports directly to the Board of Directors.

Risk Management Committee

- Reviews the Group's operations to identify key material risks.
- Proposes an action plan / strategy to address identified material risks.
- Prepares an annual comprehensive report on changes to key risk profile for Board assessment

report to

Board of Directors

- Reviews the identified risks to ensure sufficient resources are allocated for risk management and mitigation.
- Reviews the effectiveness of the Group's risk management and internal control systems.

The risk management report for 2021 was finalised in November 2021. The report summarised and assessed our key risk areas for the year, including reliance on suppliers, risks associated with operating in foreign countries, potential health and safety concerns, and business continuity during the pandemic. The report outlines immediate actions taken to mitigate the identified risks, as well as an updated risk profile indicating the potential severity of each risk once the mitigation measures have been taken into account.

Sustainability Statement

ENVIRONMENTAL PRESERVATION

Safeguarding our natural environment is becoming ever more important, as the impact of climate change and pollution are increasing world over. We are committed to doing our part to minimise and mitigate emissions within our supply chain by improving operational efficiency.

Energy

Electricity consumption data is recorded at Turbo-Mech Asia Pte. Ltd ("TMA") in Singapore, as this represents the majority of our physical operations. Pump performance and mechanical running tests require the largest electricity demand, as the tests are run frequently. In FY2021, electricity consumption decreased by 6.3%, a significant improvement from the previous year, where we recorded an increase in total electricity consumption.

Electricity Consumption (kWh)

2021	**122,416,880**
2020	130,663,159
2019	124,241,187

Water

Similar to our electricity data, water data presented is for TMA only. The high-pressure water cleaning operations are the primary source of water consumption at TMA. Water is also used for maintenance and cooling activities. This year, we recorded a decrease in water consumption of 2.4%.

Water Consumption (m^3)

2021	**722.2**
2020	740.0
2019	734.9

Waste

The primary activity generating majority of the waste at Turbo-Mech is the overhaul and maintenance process of rotating pump equipment. This process requires our engineers to clean out and replace all lubricant oil, as well as apply cleaning chemicals to ensure maximum efficiency of rotating parts. All hazardous waste produced, including oil waste and chemical waste, is appropriately stored to prevent spillage or accidental release into the environment, before it is collected for disposal by a licensed contractor. Non-hazardous waste generated such as scrap metal is sold to salvage contractors for recycling thereby diverting the waste from landfill. This year, similar to the previous two years, no chemical waste has been produced.

Hazardous Waste (L)

2021	**500**
2020	800
2019	800

Scrap Metal (tonnes)

2021	**0.444**
2020	0.75
2019	6.8

SOCIAL ENRICHMENT

Turbo-Mech's employees are the driving force behind our success. We take pride in providing a safe, healthy, and supportive workplace which allows our employees to thrive in their careers. We also aim to improve the lives of the local communities where we operate, through our corporate social responsibility ("CSR") programme.

Occupational Health and Safety ("OHS")

As the majority of our operations require engaging heavy machinery and maintenance equipment, workplace health and safety is critical to the Group.

TMA's Health, Safety, Security and Environmental ("HSSE") Policy is ISO 45001:2018 certified. The HSSE Policy encompasses a broad range of responsibilities to ensure protection of our people and our environment. The Policy includes:

- Reporting hazards and safety issues identified by staff;
- Management and staff commitment to provide continuous feedback and workplace improvements;
- Workplace safety procedures to prevent and reduce safety incidents;
- Methods to minimise environmental pollution; and
- Compliance with all applicable laws and regulations.

Sustainability Statement

SOCIAL ENRICHMENT (CONT'D)

Our established WSH Committee meets monthly to monitor and discuss the Group's OHS performance and any identified risks. The WSH Committee is made up of several members who are specially trained in the provision of first aid. The WSH Committee is also responsible for the Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") procedures, which act as guidelines for actions to take when addressing workplace incidents.

This year, we are proud to report that TMA received a bizSAFE Star - Level 5, a Singaporean recognised capacity building programme designed to assist companies develop and enhance workplace safety capabilities. Level 5 is the highest attainable rank.

This year, we recorded one lost-time injury and zero fatalities over 60,666 work hours. The root cause of the injury was determined to be incorrect use of electrical hand tools, where the tool was not unplugged from the power source before the worker began to fit a replacement part on the tool. Measures have been put in place to ensure the incident will not be repeated.

Our Response to COVID-19

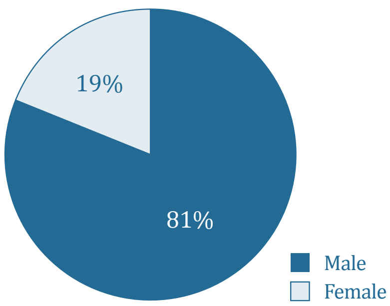
The COVID-19 pandemic has continued to impact the globe for a second year. At Turbo- Mech, while we were exempt from office closure due to our status as an essential industry, we still felt the impact of the pandemic. International shipping delays, limitations to worker travel, and restrictions on client visits were some of the ways the pandemic affected our business. To mitigate some of these impacts, we embraced technology wherever possible, using video conferencing to communicate to employees and to demonstrate pump tests for our clients (previously conducted in person at our workshop).

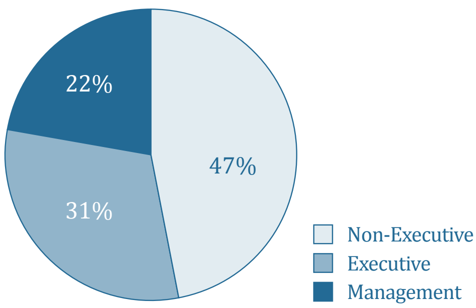
To keep our employees safe, we followed strict SOPs set by the respective governments of Singapore and Malaysia. Temperature checks were conducted daily, regular cleaning and hand sanitiser was available in all areas, social distancing was enforced, and face masks were provided to all employees. TMA implemented daily and weekly checklists for COVID-19 safety compliance, including monitoring PPE compliance, social distancing measures, and ensuring sanitisers remained well stocked.

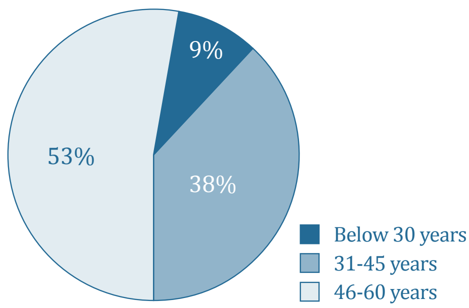
Talent Management

We believe that building and supporting a diverse team with employees from different backgrounds, skill sets and experience helps bring value to both our business and our customers. Our hiring processes are based on merit and qualifications, with no consideration given to age, nationality, or gender.

Turbo-Mech's FY2021 Employee Breakdown







The majority of our 31 employees (81%) are male, and in the 46–60 year age bracket (53%).

To encourage employee satisfaction and talent retention, the Group offers benefits such as life insurance, disability coverage, and maternity leave in line with local regulations. In FY2021, we recruited five new employees and the hiring rate was 16%. However, our turnover rate for the year was 13%.

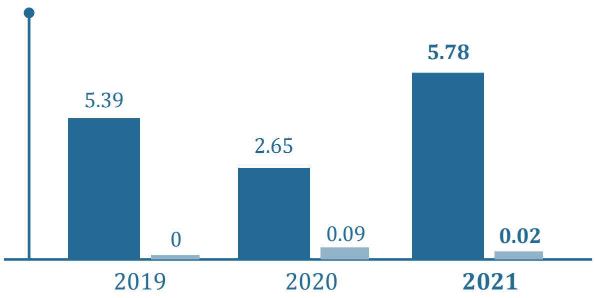
Sustainability Statement

SOCIAL ENRICHMENT (CONT'D)

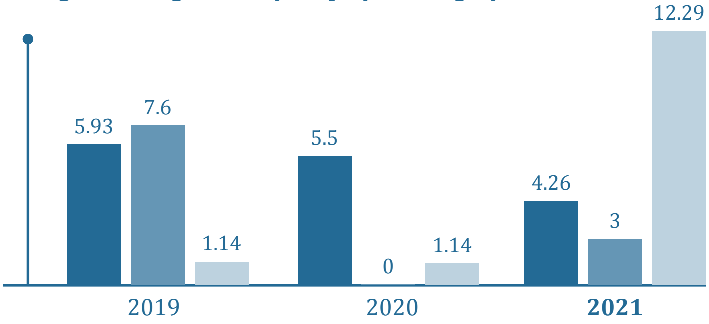
Capacity Building

Employee training programmes have a multitude of benefits. They enhance our employees' skills to enable higher work performance, as well as improve employee engagement and satisfaction. In FY2021, training sessions were once again limited by COVID-19 restrictions on physical gatherings. Even so, we provided a total of 180 employee training hours this year, both virtually and face-to-face when permitted. Training included OHS topics such as working at heights, and safety in the processing plant, also product-related topics such as Robuschi blower and liquid ring pump training. The breakdown of training hours by gender and employee category is presented below. On average, our male employees receive more training than our female employees, as training resources are allocated primarily to the workshop, which is a male dominated workspace.

Average Training Hours by Gender



Average Training Hours by Employee Category



Average training hours have increased by 112% since FY2020, as some of the earlier COVID- 19 restrictions have eased enabling us to engage with our teams more regularly.

Community Engagement

This year, TMA donated SGD 10,000 (approx. MYR 30,850) to Singapore's Very Special Arts ("VSA") programme as part of our corporate social responsibility ("CSR") initiative. The donation will help subsidise lesson costs for students with disabilities to study fine art – either visual, performing, or literary art. The donation will also contribute to teacher salaries, lesson materials, class trips to art galleries or theatres, and individual development programmes.

CONCLUSION

Despite the continued challenges brought about by the COVID-19 pandemic, we have made progress in our sustainability journey. By engaging our stakeholders, ensuring strict regulatory compliance, maintaining a safe and healthy workspace, and minimising our environmental footprint, we provided value to our customers and stakeholders this year. Moving forward, we will continue to set KPIs, so that we are target driven on the ESG front. Embedding good ESG practices throughout the business will provide us with enhanced business resilience and a strong sense of corporate responsibility, setting the foundations for continued success as we move into the future.

Sustainability Statement

GRI CONTENT INDEX

GRI Indicator	Content of Disclosure	Location Within Report
General Disclosures		
102-1	Name of the organisation	15
102-3	Location of headquarters	15
102-4	Location of operations	15
102-16	Values, principles, standards, and norms of behaviour	20
102-17	Mechanisms for advice and concerns about ethics	20
102-18	Governance structure	17
102-21	Consulting stakeholders on economic, environmental, and social topics	17
102-30	Effectiveness of risk management process	21
102-32	Highest governance body's role in sustainability reporting	17
102-40	List of stakeholder groups	17
102-43	Approach to stakeholder engagement	17
102-44	Key topics or concerns raised	17
102-46	Defining report content and topic boundaries	15
102-47	List of material topics	18
102-50	Reporting period	15
102-52	Reporting cycle	15
102-53	Contact point for questions regarding the report	15
102-55	GRI content index	25
103-2	Management Approach	Throughout
Environmental		
302-1	Energy consumption within the organisation	22
303-5	Water consumption	22
306-3	Waste generated	22
306-4	Waste diverted from disposal	22
306-5	Waste directed to disposal	22
307-1	Non-compliances to environmental laws and regulations	21
Social		
401-1	New employee hires and employee turnover	23
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	23
403-1	Occupational health and safety management system	22
403-2	Hazard identification, risk assessment, and incident investigation	22
403-4	Worker participation, consultation, and communication on occupational health and safety	22
403-5	Worker training on occupational health and safety	22
403-9	Work related injuries	23
404-1	Average hours of training per year per employee	24
404-2	Programs for upgrading employee skills and transition assistance programs	24
405-1	Diversity of governance bodies and employees	23
413-1	Operations with local community engagement, impact assessments, and development programs	24
419-1	Non-compliance with laws and regulations in the social and economic area	21

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("Board") of Turbo-Mech Berhad ("Turbo" or the "Company") and its subsidiaries (hereinafter referred to as the "Group") recognises the importance of the application of the Malaysian Code on Corporate Governance ("MCCG"), effective stewardship and strong corporate values that contribute to the success of the Group. The Company is headed by an effective Board that is collectively responsible for its long-term success and ensure that it operates effectively and efficiently and remains committed to maintaining strong momentum in pursuit of excellence in the way of the Company is governed.

This Corporate Governance Overview Statement ("Statement") provides a summary of the Company's corporate governance practices during the financial year under review, guided by the following three (3) principles and practices to the extent of compliance with the recommendations of good corporate governance as set out in the MCCG and Corporate Governance Guide (4th Edition):-

Board Leadership & Effectiveness	Effective Audit & Risk Management	Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders

This Statement is to be read together with the Corporate Governance Report ("CG Report"), which is prepared based on a prescribed format as outlined in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Report, which provides details on how the Company has applied each Practice as set out in the MCCG during the financial year review, is made available on the Company's website at https://turbomech.com.my/investor-corporate-governance.php as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Clear roles and responsibilities

The Board is accountable and responsible for the overall performance and affairs of the Group by overseeing and appraising the Group's strategies, policies and performance.

The Board assumes, amongst others, the following duties and responsibilities:-

a. Review and adopt a strategic plan for the Group, addressing the sustainability of the Group's business;
b. Oversee the conduct of the Group's business;
c. Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
d. Succession planning for senior management;
e. Oversee the development and implementation of a shareholder communication policy for the Group; and
f. Review the adequacy and the integrity of the management information and risk management and internal controls system of the Group.

The Board is collectively responsible for creating and delivering long-term sustainable value for the business while being guided by the Board Charter and the Standard Operating Procedures on Authority Limit. The Board Charter serves as a reference point for Board's activities and promotes good corporate governance. The Board reviews its Board Charter once in every two (2) years and updates the Board Charter to ensure it complies with legislations and best practices and remains relevant and effective in light of the Board's objectives. The Board Charter was last reviewed on 22 March 2022, and is made available on the Company's website at www.turbomech.com.my.

The Directors are to devote sufficient time and effort to carry out their responsibilities. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the MMLR allow a Director to sit on the board of five (5) listed issuers.

The Board is mindful of its role to establish a corporate culture which inculcates ethical conduct that permeates throughout the Group. Accordingly, the Board had formalised a Code of Conduct for Directors and Employees. The Board has also established Whistleblowing Policy to foster an ethical culture throughout the Company and allow legitimate ethical concerns to be raised in confidential without the risk of reprisal. The Code of Conduct and Whistleblowing Policy are reviewed periodically by the Board. These policies are also available on the Company's website at www.turbomech.com.my.

In compliance with the amendment of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of the MMLR of Bursa Securities in relation to anti-bribery, the Board had adopted an Anti-Bribery Management System Policy ("ABMS Policy") as a guidance to all employees of the Group relating to specific acts of bribery and corruption and also the related matters such as proper reporting and accountabilities to achieve and maintain the highest standard of integrity and work ethics in the conduct of its business and operations. The ABMS Policy is available on the Company's website at www.turbomech.com.my.

Corporate Governance Overview Statement

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

I. BOARD RESPONSIBILITIES (CONT'D)

2. Separation of positions of the Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and Chief Executive Officer cum Executive Director for ensuring there is a balance of power and authority in the Company. The Chairman is responsible for the effective functioning of the Board and implementation of the Board's policies and decisions. Whilst, the Chief Executive Officer cum Executive Director is responsible for managing the day-to-day business operations of the Group with powers, discretions and delegations authorised from time to time by the Board.

The separation of the roles of the Chairman and Chief Executive Officer ensures a balance of power and authority such that considerable concentration of power does not lie with any one individual. The details of the responsibilities of the Chairman and Chief Executive Officer are clearly set out in the Board Charter.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

The Board meets on a scheduled basis, at least four (4) times a year to oversee and monitor the development of the Group. Additional meetings will be held on ad-hoc basis to deliberate on matters requiring its immediate attention. All information with regards to the agenda and Board papers are circulated seven (7) days prior to the meetings to give Directors sufficient time to deliberate on issues to be raised at the Board meetings.

4. Sustainability Management

The Board together with the Management acknowledge their responsibility for promoting sustainability in areas covering health, safety and environment as well as social and governance. Further information on the Company's approach towards sustainability is provided in the Sustainability Statement on page 15 to page 25 of this Annual Report.

5. Supported by Competent Company Secretaries

The Board is supported by qualified, competent and capable Company Secretaries. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and are advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

The Company Secretaries attended all Board and Board Committee meetings and are responsible for ensuring the meeting procedures are followed including disseminating complete and accurate meeting materials in a timely manner to allow Board members to have sufficient time to review the relevant documents prior to meetings. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Management.

The information of the Company Secretaries' qualification can be found in Corporate Information of this Annual Report.

II. BOARD COMPOSITION

1. Board Composition and Balance

The strength of the Board lies in the composition of its members. The current members of the Board have a wide range of expertise, extensive experience and come from diverse backgrounds. The Board currently comprises two (2) Executive Directors (including the Executive Chairman and Chief Executive Officer cum Executive Director), two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. On 16 August 2021, Mr Gordon Yong Lin Fooi was appointed as an Independent Non-Executive Director of the Company in replacement of Encik Azhar Bin Mohamad who retired at the conclusion of the Twelfth Annual General Meeting held on 15 June 2021.

The composition of the Board complies with Paragraph 15.02(1) of the MMLR. The Board is therefore of the opinion that the interests of shareholders of the Company are fairly represented through the current composition of the Board and its size constitutes an effective Board to the Company. The wide spectrum of knowledge, skills and experience of the Board members strengthen the leadership which is necessary for the stewardship of the Group. The profiles of each Director are presented on page 8 to page 10 of this Annual Report.

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

II. BOARD COMPOSITION (CONT'D)

1. Board Composition and Balance (Cont'd)

Although the Board does not comprise at least 50% of Independent Directors as recommended in the MCCG, the Independent Directors together with the Chairmen of Audit Committee and Nomination Committee who are both Independent Non-Executive Directors are able to exercise strong independent judgement and provide independent views and advices to all Board deliberations.

The presence of Independent Non-Executive Directors also safeguards the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regards to the long term interest of all stakeholders.

During the financial year under review, the Board via the Nomination Committee assessed the independence of its Independent Non-Executive Directors and reaffirmed their independence in accordance with the criteria of Independent Non-Executive Directors as provided in the MMLR of Bursa Securities.

The Board is aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended in the MCCG and twelve (12) years as mandated under MMLR. An independent director may continue to serve the Board if the independent director is re-designated as a non-independent non-executive director upon completion of nine (9) years tenure. If the Board intends to retain the Director as independent director after the Director has served a cumulative term of nine (9) years, the Board must justify the decision and seeks shareholders' approval at general meeting through a two-tier voting process as prescribed under the MCCG. An independent director who has served for a cumulative term of more than twelve (12) must resign or be re-designated as a non-independent director.

The tenure of one (1) of the Independent Non-Executive Directors, namely Mr Tam Juat Hong, has exceeded for a cumulative term of more than nine (9) years, the Nomination Committee and the Board, after having assessed the independence of the said Independent Director, recommended for shareholders' approval through a two-tier voting process on the retention of the said Independent Director by providing the valid justifications at this forthcoming Annual General Meeting ("AGM") of the Company.

The Board recognises the importance of having a Senior Independent Non-Executive Director to serve as a sounding board for the Chair and as an effective conduit for other Independent Directors to voice their concern. The Board has yet to identify a Senior Independent Non-Executive Director of the Company in replacement of Encik Azhar Bin Mohamad, the former Senior Independent Non-Executive Director who had retired at the conclusion of the last AGM held on 15 June 2021. The duties of Senior Independent Non-Executive would typically include the following:-

a. Serve as a Chairman of the Audit Committee;
b. Ensure all Independent Directors have an opportunity to provide input on the agenda and advise the Chairman on the quality, quantity and timeliness of the information submitted by the Management that is necessary or appropriate for the Independent Directors to perform their duties effectively; and
c. Serve as a designated contact for consultation and direct communication with the shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or Chief Executive Officer.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee with due consideration given to the mix of expertise, experience, character, integrity and knowledge required for an effective Board.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by the shareholders at the next AGM subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election.

At this forthcoming Thirteenth AGM, Mr Gordan Yong Lin Fooi, Mr Gan Kok Ten and Mr Tam Juat Hong shall retire from office and eligible for re-election pursuant to the Constitution of the Company. Their profiles are set out in the section on Directors' Profile of this Annual Report.

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

II. BOARD COMPOSITION (CONT'D)

2. Directors' Commitment

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company as all the Directors had attended all the Board meetings held during the financial year under review. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

The Board met four (4) times during the financial year under review. Details of the Board members' attendance at the Board meetings for the financial year under review are as follows:-

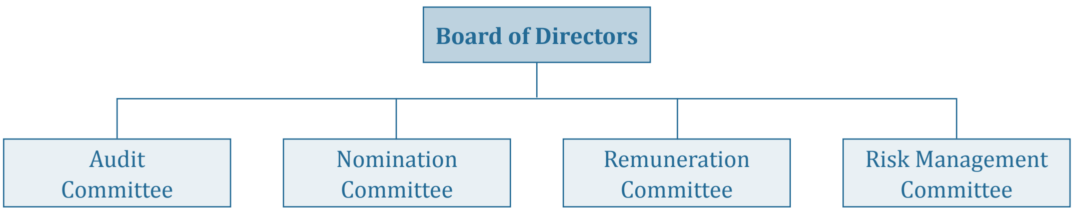
Director	Attendance				Total	Percentage (%)
	25th Feb	21st May	23rd Aug	22nd Nov		
Gan Kok Ten *Executive Chairman/Chief Financial Officer*	√	√	√	√	4/4	100
Nasaruddin Bin Mohamed Ali *Executive Director and Chief Executive Officer*	√	√	√	√	4/4	100
Tam Juat Hong *Independent Non-Executive Director*	√	√	√	√	4/4	100
Gordon Yong Lin Fooi* *Independent Non-Executive Director*	-	-	√	√	2/2	100
Chan Bee Eie *Non-Independent Non-Executive Director*	√	√	√	√	4/4	100
Omar Bin Mohamed Said *Non-Independent Non-Executive Director*	√	√	√	√	4/4	100

* *Mr Gordan Yong Lin Fooi was appointed on 16 August 2021. He attended all of the two (2) Board meetings held in the financial year ended 31 December 2021 since the date of his appointment.*

** *Encik Azhar Bin Mohamad retired at the conclusion of the Twelfth AGM held on 15 June 2021. He attended all two (2) Board meetings held during his tenure of office.*

3. Board Committees

In order to ensure that the Board responsibilities are effectively discharged, the Board delegates certain functions to the following Board Committees to support and assist in discharging fiduciary duties and responsibilities:-



The respective Board Committees with responsibilities guided by the respective terms of references which are periodically reviewed by the Board and the Board appoints the Chairman and members of each Committee.

In line with Practice 1.4 of the MCCG, the Chairman of the Board, namely Mr Gan Kok Ten is not a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Each of the Chairmen of the Board Committees reports to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

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

II. BOARD COMPOSITION (CONT'D)

3. Board Committees (Cont'd)

a. Audit Committee

The details of the Audit Committee are set out in Audit Committee Report on page 42 to page 44 of this Annual Report.

b. Nomination Committee

The Nomination Committee currently consists of three (3) members, the majority of whom are Independent Non-Executive Directors as follows:-

Name of Members	Designation
Gordon Yong Lin Fooi	Chairman, Independent Non-Executive Director
Chan Bee Eie	Non-Independent Non-Executive Director
Tam Juat Hong	Independent Non-Executive Director

Notes:
i. Mr Gordon Yong Lin Fooi did not attend any Nomination Committee meeting held in the financial year ended 31 December 2021 as there was no meeting held subsequent to his appointment.
ii. Encik Azhar Bin Mohamad retired on 15 June 2021. He attended one (1) meeting held during his tenure of office.

The committee met once during the financial year under review.

The authorities, functions and responsibilities of the Nomination Committee are set out in its terms of reference, which is available on the Company's website at www.turbomech.com.my.

The main objective of the Nomination Committee is to assist the Board on the nomination of Directors based on skills and experience, assessing the effectiveness and continually seek ways to upgrade the effectiveness of the Board as a whole and the Committees of the Board. It also assesses the contribution of each Director, Executive or Independent Non-Executive. In evaluating candidates for directorship, the Nomination Committee will consider based on the following criteria:-

- Mix of skills, experience and diversity;
- Character, integrity, knowledge and expertise;
- In the case of independent directors, their abilities to discharge their responsibilities and functions. The independent directors who have served the Company for an aggregate of more than nine (9) years will submit themselves for retention with justifications at every annual general meeting.

During the financial year under review, the Nomination Committee reviewed and assessed the character, experience, knowledge, skills, integrity, competency and time commitment of Mr Gordon Yong Lin Fooi and recommended to the Board for approval of his appointment as an Independent Non-Executive Director of the Company on 16 August 2021.

The Board does not specify any gender policy in its evaluation of candidacy as the focus is on skills, experience, character, knowledge, time commitment and integrity. However, the evaluation will be reviewed and revised from time to time to meet the needs of the Company.

Corporate Governance Overview Statement

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

II. BOARD COMPOSITION (CONT'D)

3. Board Committees (Cont'd)

c. Remuneration Committee

The Remuneration Committee currently consists of three (3) members, the majority of whom are Non-Executive Directors as follows:-

Name of Members	Designation
Chan Bee Eie	Chairperson, Non-Independent Non-Executive Director
Omar Bin Mohamed Said	Non-Independent Non-Executive Director
Gordon Yong Lin Fooi	Independent Non-Executive Director

Notes:

i. Mr Gordon Yong Lin Fooi did not attend any Remuneration Committee meeting held in the financial year ended 31 December 2021 as there was no meeting held subsequent to his appointment.

ii. Encik Azhar Bin Mohamad retired on 15 June 2021. He attended one (1) meeting held during his tenure of office.

The Remuneration Committee met once during the financial year under review.

The Remuneration Committee is responsible for reviewing, considering and recommending the following matters to the Board for its approval:-

i. The framework of Executive Directors' remuneration and the remuneration package for each Executive Director drawing from outside advice as necessary;

ii. Any performance related pay schemes for Executive Directors;

iii. Executive Directors' scope of service contracts; and

iv. Appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.

The Remuneration Committee met once during the financial year under review to discuss and review the reward scheme, remuneration package for Executive Directors and directors' fees for Non-Executive Directors.

d. Risk Management Committee

The Risk Management Committee consists of four (4) members as follows:-

Name of Members	Designation
Gan Kok Ten (Chairman)	Executive Chairman/Chief Financial Officer
Nasaruddin Bin Mohamed Ali	Executive Director/Chief Executive Officer
Tam Juat Hong	Independent Non-Executive Director
Omar Bin Mohamed Said	Non-Independent Non-Executive Director

The Committee met once during the year under review.

The responsibilities of the Risk Management Committee are as follows:-

i. Review the effectiveness of the Group's risk management activities;

ii. Ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them;

iii. Evaluate the process of the Group has in place for assessing and continuously improving internal controls and systems, particularly those related to areas of significant business risk;

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

II. BOARD COMPOSITION (CONT'D)

3. Board Committees (Cont'd)

d. Risk Management Committee (Cont'd)

iv. Review the effectiveness of the Group's risk management activities;

v. Ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them;

vi. Evaluate the process of the Group has in place for assessing and continuously improving internal controls and systems, particularly those related to areas of significant business risk;

vii. Review risk management reports particularly the significant risk observations and risk response and ensure that appropriate action plan is in place to mitigate the risk;

viii. Report to the Board any significant risk observations that warrants the Board's attention;

ix. Report and update the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals;

x. Review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group, including information technology security and control and to evaluate the systems with the internal and external auditors;

xi. Work with Management and Internal Auditors in the preparation of the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approvals of the Board;

xii. Consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions; and

xiii. All other matters delegated by the Board.

The Risk Management Committee reviewed, evaluated and monitored the Group's risk management activities via the risk assessment report prepared by the Internal Auditors.

4. Continuing Education and Development

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Nomination Committee and Directors will continue to identify and attend appropriate seminars, conferences and courses to keep abreast of changes in market, legislations and regulations affecting the Group. The Directors are also committed to continue to undergo other relevant training programmes and seminars whether in-house or external to keep abreast with the developments of the business environment and further enhance their skills and knowledge in discharging their responsibilities.

The Board through the Nomination Committee had conducted an assessment of each Director's training needs via its board evaluation assessment.

Corporate Governance Overview Statement

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

II. BOARD COMPOSITION (CONT'D)

4. Continuing Education and Development (Cont'd)

During the financial year ended 31 December 2021, the Directors have attended various training programmes and seminars to keep abreast of changes in law, regulations, the business environment, risk management practices, general economic and industry developments. The training programmes and seminars attended by the Directors are set out in the following:-

Director	No.	Training Programmes and Seminars	Date
Gan Kok Ten			
	1	Recent changes in the Malaysian transfer pricing landscape	12 March 2021
	2	Value Creative Strategies : An Innovative Take On Creating Impactful, Healthy Companies	16 July 2021
	3	Business Transformation Post Covid	4 August 2021
	4	EY Malaysia Budget 2022 Seminar	12 November 2021
Nasaruddin Bin Mohamed Ali			
	1	Malaysia - The Oil, Gas & Petrochemical Hub for ASEAN	19 June 2021
	2	Corporate Governance Revisited : The co-existence of Ethics & Law sets you F.R.E.E	9 July 2021
	3	Fraud Risk Management Workshop	2 December 2021
Tam Juat Hong			
	1	ESG in the new normal: A corporation's lens	17 March 2021
	2	Corporate Governance Revisited : The co-existence of Ethics & Law sets you F.R.E.E	9 July 2021
	3	Value Creative Strategies : An Innovative Take On Creating Impactful, Healthy Companies	16 July 2021
	4	ESG Health Check	22 July 2021
	5	Business Transformation Post Covid	4 August 2021
	6	A Lasting Legacy : Ensuring the Future of Your Family Business	9 September 2021
	7	EY Malaysia Budget 2022 Seminar	12 November 2021
	8	AOB Conversation with Audit Committee	29 November 2021
Omar Bin Mohamed Said			
	1	EY Malaysia Budget 2022 Seminar	12 November 2021
Gordon Yong Lin Fooi			
	1	Virtual Conference on Corporate and Commercial Law: Securities Legislation and Regulatory Considerations	6 September 2021
	2	Virtual Conference on Corporate and Commercial Law: Insolvency Law	6 September 2021
	3	Virtual Conference on Corporate and Commercial Law: Companies Legislation and Companies Commission of Malaysia	7 September 2021
	4	Virtual Conference on Corporate and Commercial Law: Digital/Electronic Signatures Legislation and Developments	7 September 2021
	5	Virtual Conference on Corporate and Commercial Law: Environmental, Social and Governance (ESG)	8 September 2021
	6	Virtual Conference on Corporate and Commercial Law: Personal Data Protection Act	8 September 2021
	7	Virtual Conference on Corporate and Commercial Law: Listing Considerations Under Bursa Malaysia	9 September 2021
	8	Virtual Conference on Corporate and Commercial Law: Tax Law	9 September 2021
	9	Virtual Conference on Corporate and Commercial Law: Section 17A of the Malaysian Anti-Corruption Commission Act 2009	10 September 2021
	10	Virtual Conference on Corporate and Commercial Law: Competition Law	10 September 2021
	11	The Corporate Governance Landscape In Malaysia: Going Beyond The Rules	15 September 2021
	12	A Lasting Legacy : Ensuring the Future of Your Family Business	9 September 2021
	13	AOB Conversation with Audit Committee	29 November 2021
	14	Mandatory Accreditation Programme	6 - 8 December 2021

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

II. BOARD COMPOSITION (CONT'D)

4. Continuing Education and Development (Cont'd)

Director	No.	Training Programmes and Seminars	Date
Chan Bee Eie			
	1	Value Creation Strategies: An innovative take on creating impactful, healthy companies	16 July 2021
	2	ESG Health Check	22 July 2021
	3	Digitalisation for Business growth & sustainability	20 August 2021
	4	EY Malaysia Budget 2022 Seminar	12 November 2021
	5	Fraud Risk Management Workshop 2021	2 December 2021

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

5. Board Assessment and Annual Evaluation

The Nomination Committee reviews annually the required mix of skills and experience of Directors; effectiveness of the Board as a whole; succession plans and boardroom diversity, including gender, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at the Board Meeting by the Nomination Committee Chairman.

During the financial year, the Nomination Committee has undertaken the following key activities:-

- Reviewed and assessed the mix of skills and experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees;
- Reviewed and assessed the character, experience, integrity and competence of the Board and the Chief Executive Officer to ensure they have the time to discharge their respective roles;
- Assessed the overall Board and the Board Committees' performance and effectiveness as a whole in addressing the Company's material sustainability risks and opportunities;
- Reviewed and assessed the independence of Independent Directors and their tenure of service;
- Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
- Reviewed and assessed the term of office and performance of the Audit Committee and each of its members.
- Recommended the re-election of Directors under retirement by rotation in accordance with the provisions of the Constitution of the Company.

To facilitate the Board annual evaluation, a set of questionnaires was carried out on self and peer assessment basis which assessed the effectiveness of the Board as a whole, Board Committees, Chairman and individual Directors. The results of the assessment were tabled to the Nomination Committee for review and comments which were subsequently briefed the Board. All assessments and evaluations carried out were properly documented. For the year under review, the questionnaires were revised to reflect the latest corporate governance requirements. The Nomination Committee had on 25 February 2022 assessed the performance of the Board as a whole and its Board Committees for the period from 1 January 2021 to 31 December 2021.

In its assessment, it was concluded that the Board's size is conducive for effective discussion and decision-making and the Board is satisfied that it has an appropriate balance of expertise, skills, and attributes among the Directors including relevant core competencies.

The Board has established a formal policy on diversity of the Group by taking consideration on a range of different skills, age, gender, ethnicity, backgrounds and experience represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversity of viewpoints and the effective governance of the Company.

Corporate Governance Overview Statement

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

III. REMUNERATION

Board Remuneration

The Directors' remuneration is reviewed from time to time and is determined at levels which enable the Group to attract and retain caliber Directors with the relevant experience and expertise needed to manage the Group effectively. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration and benefits payable to Directors are subject to shareholders' approval at the AGM.

Details of Directors' remuneration (both the Company and the Group) who served during the financial year ended 31 December 2021 are as follows:-

The Group

Category	Remuneration					
	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits-in-kind (RM)	Emoluments (RM)	Total (RM)
Executive Directors						
Gan Kok Ten	-	265,713	30,203	47,489	-	343,405
Nasaruddin Bin Mohamed Ali	22,000	-	-	-	-	22,000
Non-Executive Directors						
Tam Juat Hong	22,000	-	-	-	10,000	32,000
Gordon Yong Lin Fooi *(Appointed on 16 August 2021)*	10,000	-	-	-	4,000	14,000
Omar Bin Mohamed Said	20,000	-	-	-	6,000	26,000
Chan Bee Eie	20,000	-	-	-	10,000	30,000
Azhar Bin Mohamad *(Retired on 15 June 2021)*	10,000	-	-	-	6,000	16,000
Total	**104,000**	**265,713**	**30,203**	**47,489**	**36,000**	**483,405**

The Company

Category	Remuneration					
	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits-in-kind (RM)	Emoluments (RM)	Total (RM)
Executive Directors						
Gan Kok Ten	-	-	-	-	-	-
Nasaruddin Bin Mohamed Ali	22,000	-	-	-	-	22,000
Non-Executive Directors						
Tam Juat Hong	22,000	-	-	-	10,000	32,000
Gordon Yong Lin Fooi *(Appointed on 16 August 2021)*	10,000	-	-	-	4,000	14,000
Omar Bin Mohamed Said	20,000	-	-	-	6,000	26,000
Chan Bee Eie	20,000	-	-	-	10,000	30,000
Azhar Bin Mohamad *(Retired on 15 June 2021)*	10,000	-	-	-	6,000	16,000
Total	**104,000**	**-**	**-**	**-**	**36,000**	**140,000**

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee comprises all non-executive directors and majority of its members are independent directors, and all of them are financial literate and have sufficient understanding of the Group's business. The Audit Committee is led by Mr Tam Juat Hong who is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants to assist the Board in its oversight of the Company's financial reporting and in fulfilling its fiduciary responsibilities. The Audit Committee therefore meets the requirements of Paragraph 15.09(1)(b) and (c) of the MMLR.

The composition of Audit Committee, including its roles and responsibilities, number of meetings and attendance of Audit Committee, summary of Audit Committee activities and Internal Auditors' activities during the financial year under review were set out in the Audit Committee Report on page 42 to page 44 of this Annual Report.

The Chairman of the Audit Committee is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the Audit Committee's findings and recommendation remains intact.

The Audit Committee's terms of reference set out its goals, objectives, duties, responsibilities and criteria on the composition of the Audit Committee which includes a former key audit partner of the Group to observe a cooling-off period of at least three (3) years as prescribed under the MMLR before being able to be appointed as a member of the Audit Committee.

The Board maintains a transparent and professional relationship with the external and internal auditors through the Audit Committee's discussion with them their audit plans, audit findings and financial statements. The Audit Committee invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. The Audit Committee also met with the External Auditors, Messrs Ernst & Young PLT twice during the financial year ended 31 December 2021 without the presence of the Executive Directors and Management.

The Board upholds the integrity of financial reporting by the Company and has established procedures, via the Audit Committee, in assessing the suitability and independence of the External Auditors. Such procedures entail the provision of written assurance by the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The Board has determined that the provision of non-audit services contracts which cannot be entered into with the external auditors include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

The Audit Committee carried out an assessment of the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, adequacy of resources and trained professional staff assigned to the audit. The Audit Committee generally satisfied with the independence, performance and suitability of the External Auditors based on the assessment and recommended to the Board and subsequently proposed to shareholders for approval for the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2022.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established a Risk Management Committee to oversee and outlines the Company's risk management framework and policies.

The Board acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard and enhance the value of the Company's shareholders and affirms its overall responsibility for the Group's risk management, and for reviewing the adequacy and integrity of the Group's risk management framework which encompasses all subsidiaries of the Group. The Board has established an internal audit function that reports directly to the Audit Committee. This internal audit function is outsourced to an independent professional firm, GovernanceAdvisory.com Sdn. Bhd.. The functions of the internal auditors are to ensure that adequate system of internal controls exist to assist the management to address operational, regulatory and financial risks.

Further information can be found in the Statement on Risk Management and Internal Control on page 38 to page 41 of this Annual Report.

Corporate Governance Overview Statement

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board as a whole takes responsibility for ensuring dialogue with all key stakeholder groups.

With respect to shareholders, the Board takes responsibility for ensuring that satisfactory dialogue takes place. As such, the Board is committed to disseminate all important information on the Group's performance and operations timely and adequately through the following channels:-

a. The Annual Report; and
b. The various disclosures and announcements made to Bursa Securities including the quarterly results and annual results, which will also be posted on the Company's website at www.turbomech.com.my.

The Board supports the use of information technology for effective dissemination of information. The Company has established a website at www.turbomech.com.my, which is served as a useful reference source of information to shareholders, business partners and other stakeholders. In addition to publishing financial results, annual reports and business information, the website has dedicated Corporate Governance sections which included the Board Charter, Terms of Reference of Board Committees, Code of Conduct, Whistleblowing Policy and ABMS Policy.

II. CONDUCT OF GENERAL MEETING

The AGM serves as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to pose questions to the Board for clarification after reviewing the Group's performance via the Company's Annual Report.

In view of the rising of COVID-19 positive cases and in line with the announcement by the Prime Minister's Department on 28 May 2021 on the implementation of a 'total lockdown' beginning from 1 June 2021, the Company conducted its Twelfth AGM on a fully virtual basis for the first time on 15 June 2021 through live streaming and online remote participation by using remote participate and voting ("RPV") facilities in accordance with Section 327(1) and (2) of the Companies Act 2016, Clause 62 of the Company's Constitution, the Securities Commission's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers. The Chairmen of the Nomination Committee and Remuneration Committee were present at the last AGM remotely. To encourage engagement between the Directors and shareholders, shareholders were also invited to send questions before the meeting to the website provided in relation to the agenda items for the Twelfth AGM.

The Board members will attend the upcoming AGM, which shall provide shareholders the opportunities to enquire them in person on the Company's performance and operations.

In line with the MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty-eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

Notice of the Twelfth AGM was circulated more than twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed, which is in line with Section 316(2) of the Companies Act 2016, Paragraph 7.15 of the MMLR and the MCCG. Notice of AGM is also published in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM. The Company will continue to circulate Notice of Thirteenth AGM at least twenty-eight (28) days prior to the meeting.

All the resolutions set out in the Notice of the previous AGM were put to vote by poll and duly passed. The outcome of the previous AGM was announced to Bursa Securities on the same meeting day while the Minutes of the previous AGM (including all the questions raised at the meeting and the answers thereto) were circulated to shareholders by publishing it on the Company's website upon approved by the Board members.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MAIN Market and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board of Directors of Turbo-Mech Berhad ("the Company") is pleased to include a statement on the state of the Group's risk management and internal controls in this annual report. This Statement has outlines the nature and scope of risk management and internal control of the Group. For the purposes of this statement, associates and joint venture are not dealt with as part of the Group, and therefore not covered by this statement.

BOARD'S RESPONSIBILITIES

The Board acknowledges the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board recognises its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of financial information, financial losses or irregularities.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

1. <u>RISK MANAGEMENT SYSTEM</u>

   The Board maintains an ongoing commitment to strengthen the Group's risk management framework. The Board delegate oversight of risk management to Risk Management Committee. The overall risk management practice of the Group involves an ongoing process designed to identify the principal risks to the achievement of the Group's policies, goals and objectives; to evaluate the nature and extent of those risks; and proactively manage these risks efficiently, effectively and economically. To this end, the Board has engaged external consultants to assist in the development of a formal risk management framework and to facilitate the identification and assessment of the Group's principal risks.

   The Board had embedded in the Group a monitoring and reporting process to continuously identify, assess and manage the principal risks in a formal manner, which would entail establishing procedures for reporting and monitoring of risk and controls. These initiatives would ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that affects the achievement of its business objectives.

   Risk identification, evaluation and managing process:-

   The risks are identified through day-to-day operations by the key personnel and management of the Group, which is then incorporated into Risk Management Report that includes details on the nature of the risk as well as the severity and probability of an occurrence.

   The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include political, economic, social technological, legal and environment changes. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

   Next, the risks identified are evaluated by examining the potential impact on the Group if a risk was to crystallise, as well as the likelihood of occurrence. The impact is rated on a scale of 1 to 3, 1 to indicate the lowest impact and 3 to indicate the highest impact. The likelihood of a risk crystallising is rated on a scale of 1 to 3, 1 to indicate lowest probability and 3 indicate the highest probability. The risk level shall be rated low, moderate, significant or high and be determined according to the Risk Analysis Matrix.

Statement on Risk Management and Internal Control

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. RISK MANAGEMENT SYSTEM (CONT'D)

The identified risks can be categorized into below according to their potential impact on the Group:

- Financial Risks
These risks relate to the financial structure of the business, including transactions with third parties as well as other finance-related arrangements or issues.

- Operational Risks
These risks concern the execution of day-to-day activities or functions of the company, which may include the risk of loss arising from the failures of the internal systems or the people who operate these functions.

- Reputational Risks
This is a risk of loss resulting from damages to the company's reputation, lost of revenue; increased operating, capital or regulatory costs; or destruction of shareholders' value and the company's assets, consequent to an adverse or potentially criminal event even if the company is not found guilty.

- Strategic Risks
These risks may arise from the formulation of strategy, the implementation of business decisions or potential uncertainties concerning the objectives of the Group.

All risks identified are documented in the Risk Management Report, and submitted for notation by the Board and Risk Management Committee. The Risk Management Report serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

All key risks are reviewed and monitored by the Management team. Through these mechanisms, key risks identified in the Risk Management Report are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

During the financial year, assessment process on risk management was conducted and attended by Executive Directors and key management personnel. Key business risks were categorised to highlight the source of the risk, its scoring to reflect the impact of the risk and the likelihood of its occurrence. The assessment process took into account all aspects of the businesses and its internal control framework, including risk assessment, the control environment and control activities, information and communication and monitoring procedures. Yearly reviews were conducted to determine existence of new risk and whether the risks previously identified remained relevant. Necessary action will be taken to remedy any significant failings or weaknesses identified from the assessment.

2. INTERNAL CONTROL SYSTEM

- Board of Director and Audit Committee

  The Board and Audit Committee meet at least four times during the financial year to ensure that the Directors maintain effective control on all significant and operational issues.

- Organisation Structure & Authorisation Procedures

  The Group maintains a formal organizational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units. The procedures include the establishment of authority limit for all aspects of the business, which is subject to periodic review throughout the year as to their implementation and for their continuing suitability.

- Periodical and/or Annual Budget

  An annual budget is prepared by Management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

Statement on Risk Management and Internal Control

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. INTERNAL CONTROL SYSTEM (CONT'D)

- Group Policies and Procedures

  Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

  Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- Information and Communication

  Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

  Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board for their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

  The Group has also exercised its significant influence over its associated company by obtaining, monitoring and reviewing the management accounts of its associated company, which contains key financial results, operational performances and comparison of actual performances against budgets on a monthly basis.

3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 31 December 2021, an internal audit review was carried out in accordance with the risk-based internal audit plan approved by the Audit Committee. Risk- based Internal Audit methodology was adopted, which entails focusing on the inherent risk involved in the activities or system and providing assurance that the risk is being managed by the Management within the defined risk appetite level.

The results of the internal audit reviews, recommendations for improvements, and corrective measures implemented or planned were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings that recorded the deliberations were then presented to the Board.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2021 amounted to RM16,000.

In addition, follow up review was conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

Statement on Risk Management and Internal Control

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2021. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing adequacy and effectiveness of the Risk Management and Internal Control system of the Group. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

The Board is satisfied on the adequacy and effectiveness of the Group's on-going process for identifying, evaluating, controlling and managing the risks of business, including the scope and frequency of reports on both risk management and internal control that are received and reviewed during the year by the Audit Committee and Risk Management Committee and the Board, important risk and control matters discussed and associated actions taken by the Management.

The statement does not extend to its associate companies and joint venture.

This statement was approved by the Board of Directors on 31 March 2022.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Turbo-Mech Berhad ("Turbo" or the "Company") is pleased to present the report on the Audit Committee for the financial year ended 31 December 2021.

This Audit Committee Report provides insights on how the Audit Committee discharged its functions and duties during the financial year ended 31 December 2021, details as follows:-

1. COMPOSITION AND ATTENDANCE

The Audit Committee currently consists of three (3) members, all of whom are non-executive directors with a majority of them are independent directors. Mr Tam Juat Hong is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. The Audit Committee therefore meets the requirements of Paragraphs 15.09(1)(b) and (c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

The Audit Committee met four (4) times during the financial year on 25 February 2021, 21 May 2021, 23 August 2021 and 22 November 2021 and the attendance record is tabulated as follows:-

Members	Designation	Attendance
Tam Juat Hong	Chairman, Independent Non-Executive Director	4/4
Chan Bee Eie	Non-Independent Non-Executive Director	4/4
Gordon Yong Lin Fooi*	Independent Non-Executive Director	2/2

Notes:-

* Mr Gordon Yong Lin Fooi was appointed as a member of Audit Committee on 16 August 2021. There were two (2) Audit Committee meetings held since his appointment as a member of Audit Committee.

** Encik Azhar Bin Mohamad retired at the conclusion of the Twelfth Annual General Meeting held on 15 June 2021. He attended all two (2) Audit Committee meetings held during his tenure of office.

2. ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight of the Company's financial reporting, and in fulfilling its fiduciary responsibilities of monitoring the Group's management of its financial risk processes, accounting and financial reporting practices, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions. The Audit Committee also reviews related party transactions and conflict of interest situations that arise within the Group.

A detailed terms of reference of the Audit Committee has been drawn up and approved by the Board and it is available on the Company's website at www.turbomech.com.my pursuant to Paragraph 15.11 of the MMLR. The terms of reference of the Audit Committee is reviewed regularly. Any revisions or amendments shall form part of terms of reference and shall be considered duly revised or amended. The terms of reference of the Audit Committee was last reviewed on 22 March 2022 and there were amendments made to the terms of reference in line with the Malaysian Code on Corporate Governance and the MMLR.

3. REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The Board through its Nomination Committee had performed an annual review and assessment of the term of office and performance of Audit Committee to assess the Audit Committee's effectiveness in carrying out its duties as set out in the terms of reference. The Board was satisfied that the Audit Committee has effectively discharged its duties in accordance with the terms of reference for the financial year under review.

4. RETIREMENT AND RESIGNATION

In the event of any vacancy in the Audit Committee resulting in non-compliance with the requirements on composition of the Audit Committee and the election of an independent chairman of the Audit Committee, the vacancy must be filled within three (3) months of that event.

During the financial year under review, Encik Azhar Bin Mohamad retired as an Independent Non-Executive Director of the Company at the conclusion of the Twelfth Annual General Meeting held on 15 June 2021. Consequent thereto, he ceased to be a member of Audit Committee and the members of the Audit Committee were less than three (3).

The Company had on 16 August 2021 appointed Mr Gordon Yong Lin Fooi as an Independent Non-Executive Director and a member of Audit Committee of the Company to fill the vacancy arising from the retirement of Encik Azhar Bin Mohamad in compliance with Paragraph 15.09(1)(a) of the MMLR.

Audit Committee Report

5. SUMMARY OF WORK DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2021, the Audit Committee has met its responsibilities in discharging its duties and functions. The major works undertaken by the Audit Committee are summarised broadly as follows:-

i. Internal Audit

The Group has outsourced its internal audit function to a professional internal audit services company, namely GovernanceAdvisory.com Sdn. Bhd. since 2018. The primary responsibility of this internal audit function is to assist the Board and the Audit Committee in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a satisfactory management control environment within the context and resources of the Group.

The Internal Auditors had organised their work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

Before the commencement of the internal audit reviews, an internal audit plan was prepared and presented to the Audit Committee for approval. Upon approval by the Audit Committee, internal audit reviews were carried in accordance with the approved internal audit plan. Thereafter, during the quarterly meetings following the presentation of the Internal Audit Report, the Audit Committee reviewed with the Internal Auditors, the progress and coverage of the Internal Audit Plan to ensure that the audit direction remains relevant and was in line with the Audit Committee's expectations. After considering the changes in the operating environment in the Group, the Internal Audit Plan was developed in consideration of the Group's risk profile and the Board and Management concerns.

Prior to the presentation of reports and findings to the Audit Committee, comments from the Management were obtained and incorporated into the internal audit findings and reports. The Internal Audit Reports also covered the follow-up review on the status of Management's implementation of recommendations in their earlier reports.

The Internal Auditors had attended one (1) Audit Committee meeting during the financial year. The functional areas and operating processes reviewed by the Internal Auditors are as follows:-

- Follow-up Review; and
- Review on Anti-Bribery Management System Policy.

The Internal Auditors also presented the Internal Audit Review Plan for year 2022 to the Audit Committee for approval at the Audit Committee meeting held on 22 November 2021.

The total cost incurred for the internal audit function of the Group during the financial year was RM16,000 (2020: RM16,000).

ii. Financial Reporting

During the financial year ended 31 December 2021, the Audit Committee in the discharge of its duties and responsibilities in respect of the financial reporting by the Group carried out the following activities:-

a. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for its consideration and approval. The First, Second, Third and Fourth Quarter Interim Financial Reports were tabled at the Audit Committee meetings held on 21 May 2021, 23 August 2021, 22 November 2021 and 25 February 2022 respectively. The quarterly interim financial reports were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 and Paragraph 9.22 of the MMLR;

b. Reviewed the Audit Planning Memorandum for the financial year ended 31 December 2021 which was prepared by External Auditors of the Company including but not limited to the audit analytics used, the assessment of professional independence, the manpower of the audit engagement team, the concept of materiality, the potential areas of audit emphasis, the audit reliance placed with the internal auditors and the audit timeline for the full audit engagement. Included in this Audit Plan is an annual statement from the External Auditors that the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants are complied with;

c. Reviewed the Audit Results of the External Auditors which included the audit scope changes, the significant accounting and auditing issues, the qualitative aspect of accounting policies and the summary of audit difference, if any;

d. Reviewed the draft Audited Financial Statements ("AFS") of the Company and the External Auditors' findings and recommendations for the financial year ended 31 December 2020 at the Audit Committee meeting held on 25 February 2021. The AFS of the Company were prepared in compliance with the MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016;

Audit Committee Report

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

ii. Financial Reporting (Cont'd)

e. Conducted private meeting sessions with the External Auditors without the presence of the Executive Board Members and Management of the Company on 25 February 2021 and 22 November 2021;

f. Assessed the performance of External Auditors and recommended to the Board for re-appointment;

g. To ensure the integrity of the financial information, received assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company, that:-

- Appropriate accounting policies had been adopted and applied consistently;
- Going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRS and MMLR; and
- Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

h. Reviewed the Statement on Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from both CEO and CFO of the Company that the Group's risk management and internal control systems were operating adequately and effectively in all material aspects before recommending the said Statement to the Board for its approval;

i. Reviewed the terms of related party transactions and recurrent related party transactions, if any, entered into by the Group;

j. Reviewed the Circular to Shareholders in respect of the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature;

k. Reviewed and recommended to the Board the Audit Committee Report and Corporate Governance Overview Statement for approval and inclusion in the Company's Annual Report; and

l. Reviewed the assistance provided by Management to the External Auditors and Internal Auditors.

iii. External Audit

Upon the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for the financial year, the External Auditors attended the Audit Committee meeting held on 22 November 2021 and during their presentation on Audit Planning Memorandum for the financial year ended 31 December 2021, had declared and confirmed that they were independent and would be independent throughout their audit engagement.

Subsequent to the financial year ended 31 December 2021, the Audit Committee met once with the External Auditors in the absence of Management on 25 February 2022. The Audit Committee had the opportunity to assess the co-operation extended by Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's finance department.

There were no areas of major concerns raised by the External Auditors that warranted escalation to the Board. The External Auditors were also informed by the Audit Committee that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the Audit Committee accordingly.

At the same time, the External Auditors had the opportunity to obtain feedback from the Audit Committee on their perspectives on the areas of major concerns, which they would like the External Auditors to look into.

The Audit Committee carried out a formal evaluation to review and assess the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, adequacy of resources and trained professional staff assigned to the audit. The Audit Committee was generally satisfied with the independence, performance and suitability of the External Auditors based on the evaluation result and recommended to the Board and subsequently proposed to shareholders for approval of the re-appointment of Messrs Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2022.

DIRECTORS' RESPONSIBILITY STATEMENT / ADDITIONAL COMPLIANCE INFORMATION

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the Companies Act 2016 ("Act"), the Directors on page 52 of this Annual Report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016 so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 December 2021.

In the process of preparing these financial statements, and other than as disclosed in the notes to the financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

The Company did not raise any funds through any corporate proposals during the financial year.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for the services rendered to the Company and the Group by the External Auditors during the financial year under review were as follows:-

	Company (RM'000)	Group (RM'000)
Audit services	85	340
Non-audit services	10	10
Total	95	350

3. Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year ended 31 December 2021.

4. Key Senior Management

Save for the Chief Executive Officer and Chief Financial Officer, who are also the Directors of the Company, there is no other key senior management.

Directors' Responsibility Statement / Additional Compliance Information

5. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT").

The breakdown of the aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Twelfth Annual General Meeting held on 15 June 2021 was as follows:-

No	Related Party	Company within the Group	Type of Recurrent Transactions	Interested Related Parties (*)	Amount transacted during the financial year (RM)
1	Bayu Purnama Sdn. Bhd.	Turbo-Mech Asia Pte Ltd	Sales of pump parts to Bayu Purnama Sdn. Bhd.	Interested Director - Omar Bin Mohamed Said Interested Persons Connected to Director - Hamimah Binti Mohamed Said	14,045

Note (*) The nature of the relationships and extent of the interest of the Related Parties are as follows:-

a. Bayu Purnama Sdn. Bhd. is a 42.5% associate company of Turbo-Mech Berhad.

b. The family relationships of the Related Parties are as follows:-

Brother - Omar Bin Mohamed Said
Sister - Hamimah Binti Mohamed Said

c. Hamimah Binti Mohamed Said is a director and shareholder of Bayu Purnama Sdn. Bhd..

d. The Related Parties' shareholding in Bayu Purnama Sdn. Bhd. is as follows:-

Related Parties	Direct	Indirect	Total %
Omar Bin Mohamed Said	-	-	-
Hamimah Binti Mohamed Said	2,550,000	-	51.0

e. Omar Bin Mohamed Said and Hamimah Binti Mohamed Said are deemed interested by virtue of their family relationships with each other.

f. The direct and indirect interest of the interest Director and persons connected to him are as follows:-

Related Parties	Direct		Indirect	
	No. of Shares in the Company	%	No. of Shares in the Company	%
Interested Director				
Omar Bin Mohamed Said	-	-	-	-
Persons Connected				
Hamimah Binti Mohamed Said	50,000	0.05	-	-

This Statement is made in accordance with a resolution of the Board dated 25 February 2022.

Financial Statements

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Corporate information is disclosed in Note 1 to the financial statements.

The principal activities and other information relating to the subsidiaries, associates and joint venture are disclosed in Note 6, Note 7 and Note 8 respectively to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Profit attributable to:		
Owners of the company	5,043,544	2,920,828
Non-controlling interests	1,827	-
	5,045,371	2,920,828

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2020 were as follows:

	RM
In respect of the financial year ended 31 December 2020 as reported in the Directors' report of that year:	
Interim single-tier dividend of 2.0 sen on 108,000,000 ordinary shares, approved on 15 June 2021 and paid on 22 June 2021.	2,160,000

At the forthcoming Annual General Meeting, a final single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2021, on 108,000,000 ordinary shares, amounting to a dividend payable of RM2,160,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Gan Kok Ten *
Nasaruddin bin Mohamed Ali
Omar bin Mohamed Said
Chan Bee Eie
Tam Juat Hong
Gordon Yong Lin Fooi (Appointed on 16 August 2021)
Azhar bin Mohamad (Retired on 15 June 2021)

* The Director is also Director of the Company's subsidiaries.

Directors' Report

DIRECTORS (CONT'D)

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Tay Hwee Leck
Arnel Lattore Pulla
Gilbert M. Untalan
Roberto J. Consunji
Agus Kusnadi
Lai Yew Fong
Pranee Yimchalam

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any 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.

The Directors' benefits are as follows:

	Group 2021 RM	Company 2021 RM
Directors of the Company		
Executive:		
Salaries and other emoluments	265,713	-
Fees	22,000	22,000
Bonus	30,203	-
Defined contribution plan	47,489	-
Insurance effected to indemnify directors	4,243	4,243
Total Executive Directors' remuneration	369,648	26,243
Non-Executive:		
Fees	82,000	82,000
Other emoluments	36,000	36,000
Insurance effected to indemnify directors	8,487	8,487
Total Non-Executive Directors' remuneration	126,487	126,487
	496,135	152,730
Directors of the Subsidiaries		
Executive:		
Salaries and other emoluments	559,647	-
Bonus	72,265	-
Defined contribution plan	52,121	-
	684,033	-
Non-Executive:		
Fees	-	-
Total Directors' remuneration	1,180,168	152,730
Executive Directors' remuneration	1,053,681	26,243
Non-Executive Directors' remuneration	126,487	126,487
	1,180,168	152,730

Directors' Report

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interest of Directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			
The Company	**1 January 2021**	**Bought**	**Sold**	**31 December 2021**
Direct Interest				
Gan Kok Ten	20,637,419	-	-	20,637,419
Nasaruddin bin Mohamed Ali	940,876	-	-	940,876
Indirect Interest				
Gan Kok Ten [(1)]	39,890,911	-	-	39,890,911
Chan Bee Eie [(2)]	1,239,787	-	-	1,239,787
Subsidiary				
Turbo-Mech (Thailand) Co. Ltd				
Direct Interest				
Gan Kok Ten	1,000	-	-	1,000

(1) Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016.

(2) Deemed interested in the direct shareholdings of her spouse, Gan Kok Tin, a substantial shareholder of the Company, pursuant to Section 8(4)(c) of the Companies Act 2016.

By virtue of their interests in the shares of the Company, Gan Kok Ten is also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

ISSUE OF SHARES AND DEBENTURES

There was no issue of share or debenture during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of income of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

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

   (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(f) In the opinion of the Directors:

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

(ii) 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 or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group 2021 RM	Company 2021 RM
Ernst & Young PLT, Malaysia	85,000	85,000
Member firms of Ernst & Young Global	219,223	-
Other auditors	35,707	-
	339,930	85,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2022.

Gan Kok Ten
Director

Nasaruddin bin Mohamed Ali
Director

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Gan Kok Ten and Nasaruddin bin Mohamed Ali, being two of the Directors of Turbo-Mech Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 57 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2022.

Gan Kok Ten
Director

Nasaruddin bin Mohamed Ali
Director

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Nasaruddin bin Mohamed Ali, being the Director primarily responsible for the financial management of Turbo-Mech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 57 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Nasaruddin Bin Mohamed Ali
at Kuala Lumpur in the Federal Territory
on 31 March 2022

Nasaruddin Bin Mohamed Ali

Before me,

Tan Kim Chooi (W661)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TURBO-MECH BERHAD (200901020166 (863263-D)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Turbo-Mech Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 119.

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 2021, 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 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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue Recognition

Revenue for the year ended 31 December 2021 amounted to RM42,727,890.

Sale of goods

The Group's revenue recognition policy is to recognise the revenue upon the transfer of control of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. The timing of the transfer of the risks and rewards of the goods to the buyers is defined by the specific delivery terms agreed upon with the customers.

As the Group arranged shipment under various shipping terms across its operating markets, any lapse or delay in the monitoring of the shipment status will affect the timing of revenue recognition, resulting in misstatement of revenue recorded in the financial statements. Accordingly, as there is a risk that revenue could be misstated resulting from cut off issue, we have identified this matter as a key audit matter.

Independent Auditors' Report

To the members of Turbo-Mech Berhad (200901020166 (863263-D)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Rendering of services

Revenue from services rendered are recognised upon services performed. The Group recognises its revenue in accordance with MFRS 15 Revenue from Contract with Customers, where it is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

As the Group recognised revenue based on work done, any delay in the monitoring of service report status will affect the timing of revenue recognition, resulting in misstatement of revenue recorded in the financial statements. Accordingly, as there is a risk that revenue could be misstated resulting from cut off issue, we have identified this matter as a key audit matter.

As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of management's internal controls over the revenue recognition process and placed specific attention on the timing of the revenue recognition. We tested on a sample basis, sales transactions taking place near to or after the reporting date by evaluating the agreed delivery terms or service report provided by the customers and the timing of revenue recognition, to assess whether the sales transactions were recognised in the appropriate financial year. We have also obtained external confirmations from trade receivables with significant balances outstanding as at year end. For material credit notes issued after the reporting date, if any, we performed procedures to assess whether sales transactions were recognised in the correct financial year. In addition, we have also performed trend analysis over products by comparing against prior year, and assessed if the variances are reasonable.

Information regarding the Group's revenue is disclosed in Notes 23 and 38 to 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 Directors' Report and 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. We obtained the Directors' Report prior to the date of this auditors' report, and the other information included in the Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information included in the Annual Report 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 on the other information included in the Annual Report that we obtained prior to the date of this auditors' report, 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.

When we read the remaining other information included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

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 Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

To the members of Turbo-Mech Berhad (200901020166 (863263-D)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statement

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 skepticism throughout the audit. We also:

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

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

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

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

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

Independent Auditors' Report

To the members of Turbo-Mech Berhad (200901020166 (863263-D)
(Incorporated in Malaysia)

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 6 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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Sundralingam A/L Navaratnam
02984/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
31 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	1,101,487	1,854,389	-	-
Investment properties	4	6,133,591	6,276,854	-	-
Right-of-use assets	5	21,474,801	22,449,302	-	-
Investment in subsidiaries	6	-	-	44,628,995	44,628,995
Investment in associates	7	16,171,614	17,650,234	8,639,755	8,639,755
Investment in joint ventures	8	410,839	252,339	-	-
Other non-current assets	9	12	7,691	-	-
Deferred tax assets	10	125,577	50,175	-	-
		45,417,921	48,540,984	53,268,750	53,268,750
CURRENT ASSETS					
Inventories	11	13,590,464	14,586,754	-	-
Trade and other receivables	12	14,235,389	10,347,738	7,605	7,605
Contract assets	13	770,162	345,672	-	-
Dividend receivables		2,125,000	1,436,500	2,125,000	2,899,156
Prepayments		1,955,147	1,157,731	-	-
Tax recoverable		121,743	191,936	14,492	9,520
Cash and bank balances	14	50,841,797	47,522,613	2,019,438	543,647
		83,639,702	75,588,944	4,166,535	3,459,928
TOTAL ASSETS		129,057,623	124,129,928	57,435,285	56,728,678
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS					
Share capital	15	54,000,000	54,000,000	54,000,000	54,000,000
Retained earnings	16(a)	40,184,940	37,301,396	3,266,908	2,506,080
Capital reserve	16(b)	4,763,400	4,763,400	-	-
Retirement benefit obligation reserve	16(c)	(44,935)	(85,596)	-	-
Statutory reserve	16(d)	108,500	108,500	-	-
Foreign currency translation reserve	17	15,812,099	15,739,646	-	-
		114,824,004	111,827,346	57,266,908	56,506,080
Non-controlling interests		33,801	34,299	-	-
TOTAL EQUITY		114,857,805	111,861,645	57,266,908	56,506,080
NON-CURRENT LIABILITIES					
Loans and borrowings	20	-	-	-	-
Lease liabilities	22	2,421,783	2,534,967	-	-
Deferred tax liabilities	10	-	-	-	-
Retirement benefit obligation	21	319,813	363,569	-	-
TOTAL NON-CURRENT LIABILITIES		2,741,596	2,898,536	-	-
CURRENT LIABILITIES					
Trade and other payables	18	7,351,146	7,205,186	168,377	222,598
Contract liabilities	19	2,711,358	475,117	-	-
Loans and borrowings	20	-	3,947	-	-
Lease liabilities	22	156,679	122,164	-	-
Income tax payable		1,239,039	1,563,333	-	-
TOTAL CURRENT LIABILITIES		11,458,222	9,369,747	168,377	222,598
TOTAL LIABILITIES		14,199,818	12,268,283	168,377	222,598
TOTAL EQUITY AND LIABILITIES		129,057,623	124,129,928	57,435,285	56,728,678

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	23	42,727,890	49,413,049	3,650,500	3,441,856
Cost of sales	24	(28,600,817)	(34,198,384)	-	-
Gross profit		14,127,073	15,214,665	3,650,500	3,441,856
Interest income	25	66,573	248,417	-	7,259
Other income	26	3,642,362	2,396,367	-	-
Depreciation expenses		(2,501,955)	(2,881,074)	-	(486)
Amortisation expenses		(7,679)	(7,680)	-	-
Employee benefits expense	27	(6,424,463)	(6,601,978)	(332,680)	(308,888)
Other expenses		(3,653,230)	(3,031,641)	(396,824)	(420,147)
Operating profit		5,248,681	5,337,076	2,920,996	2,719,594
Finance cost	29	(86,714)	(86,276)	-	-
Share of results of associates	7	642,622	1,219,956	-	-
Share of results of joint ventures	8	154,351	19,360	-	-
Profit before taxation	30	5,958,940	6,490,116	2,920,996	2,719,594
Income tax expense	31	(913,569)	(1,106,375)	(168)	8,391
Profit for the financial year		5,045,371	5,383,741	2,920,828	2,727,985
Profit attributable to:					
Owners of the parent		5,043,544	5,383,306	2,920,828	2,727,985
Non-controlling interests		1,827	435	-	-
		5,045,371	5,383,741	2,920,828	2,727,985
Earnings per share attributable to owners of the parent (sen per share)					
- Basic	32	5	5		
- Diluted	32	*5	*5		

* Diluted earnings per share of the Company for the financial year ended 31 December 2021 and 31 December 2020 is equivalent to the basic earnings per share as the Company has no dilutive potential ordinary share in issue at the end of the reporting date.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Profit for the financial year		5,045,371	5,383,741	2,920,828	2,727,985
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Foreign currency translation	17	70,128	(611,081)	-	-
Other comprehensive income will not be reclassified to profit or loss in subsequent period:					
Remeasurement loss on defined benefit obligation	16(c)	40,661	(51,078)	-	-
		110,789	(662,159)	-	-
Total comprehensive income for the financial year		5,156,160	4,721,582	2,920,828	2,727,985
Total comprehensive income for the financial year attributable to:					
Owners of the parent		5,156,658	4,721,914	2,920,828	2,727,985
Non-controlling interests		(498)	(332)	-	-
		5,156,160	4,721,582	2,920,828	2,727,985

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Distributable		← Non-distributable		→				
	Share Capital (Note 15) RM	Retained Earnings (Note 16) RM	Capital Reserve (Note 16) RM	Retirement Benefit Obligation Reserve/ (Deficit) (Note 16) RM	Statutory Reserve (Note 16) RM	Foreign Currency Translation Reserve (Note 17) RM	Equity Attributable to Owners of the Parent RM	Non-controlling Interests RM	Total Equity RM
Group									
At 1 January 2021	54,000,000	37,301,396	4,763,400	(85,596)	108,500	15,739,646	111,827,346	34,299	111,861,645
Profit for the financial year	-	5,043,544	-	-	-	-	5,043,544	1,827	5,045,371
Other comprehensive during the year	-	-	-	40,661	-	72,453	113,114	(2,325)	110,789
Total comprehensive income for the financial year	-	5,043,544	-	40,661	-	72,453	5,156,658	(498)	5,156,160
Dividends (Note 39)	-	(2,160,000)	-	-	-	-	(2,160,000)	-	(2,160,000)
At 31 December 2021	54,000,000	40,184,940	4,763,400	(44,935)	108,500	15,812,099	114,824,004	33,801	114,857,805
At 1 January 2020	54,000,000	32,998,090	4,763,400	(34,518)	108,500	16,349,960	108,185,432	34,631	108,220,063
Profit for the financial year	-	5,383,306	-	-	-	-	5,383,306	435	5,383,741
Other comprehensive income during the year	-	-	-	(51,078)	-	(610,314)	(661,392)	(767)	(662,159)
Total comprehensive income for the financial year	-	5,383,306	-	(51,078)	-	(610,314)	4,721,914	(332)	4,721,582
Dividends (Note 39)	-	(1,080,000)	-	-	-	-	(1,080,000)	-	(1,080,000)
At 31 December 2020	54,000,000	37,301,396	4,763,400	(85,596)	108,500	15,739,646	111,827,346	34,299	111,861,645

Statements of Changes in Equity

For The Financial Year Ended 31 December 2021

	Share Capital (Note 15) RM	Distributable Retained Earnings (Note 16) RM	Total Equity RM
Company			
At 1 January 2020	54,000,000	858,095	54,858,095
Profit for the financial year, representing total comprehensive income for the financial year	-	2,727,985	2,727,985
Dividends (Note 39)	-	(1,080,000)	(1,080,000)
At 31 December 2020	54,000,000	2,506,080	56,506,080
Profit for the financial year, representing total comprehensive income for the financial year	-	2,920,828	2,920,828
Dividends (Note 39)	-	(2,160,000)	(2,160,000)
At 31 December 2021	54,000,000	3,266,908	57,266,908

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	5,958,940	6,490,116	2,920,996	2,719,594
Adjustments for:				
Amortisation of investment in club membership	7,679	7,680	-	-
Depreciation of property, plant and equipment	896,786	1,323,879	-	486
Depreciation of investment properties	256,296	253,879	-	-
Depreciation of right-of-use assets	1,348,873	1,303,316	-	-
Dividend income	-	-	(3,650,500)	(3,441,856)
Gain on disposal of property, plant and equipment	(1,236)	(8,635)	-	-
Interest income	(66,573)	(248,417)	-	(7,259)
Allowance for impairment loss on trade receivables	48,033	23,625	-	-
Reversal of allowance for impairment loss on trade receivables	(113,890)	-	-	-
Bad debts written off	-	57,779	-	-
Interest expenses	62	687	-	-
Accretion of interest on lease liabilities	86,652	85,589	-	-
Inventories written down	146,620	47,407	-	-
Reversal of inventories written down	(88,811)	(42,094)	-	-
Share of results of associates	(642,622)	(1,219,956)	-	-
Share of results of joint venture	(154,351)	(19,360)	-	-
Provision for retirement benefit obligation	(2,870)	37,886	-	-
Unrealised loss/(gain) on foreign currency translations	699,361	(119,844)	-	-
Operating profit/(loss) before changes in working capital	8,378,949	7,973,537	(729,504)	(729,035)
Changes in working capital:				
Inventories	938,481	(11,036,131)	-	-
Trade and other receivables	(3,875,378)	6,957,219	-	-
Contract assets	(424,490)	1,531,119	-	-
Prepayments	(797,416)	1,588,760	-	-
Trade and other payables	401,784	(872,846)	(54,221)	3,333
Contract liabilities	2,236,241	(2,606,600)	-	-
Cash generated from/(used in) operation	6,858,171	3,535,058	(783,725)	(725,702)
Interest paid	(86,714)	(86,276)	-	-
Income taxes paid	(1,264,228)	(618,327)	(5,140)	(5,100)
Net cash generated from/(used in)operating activities	5,530,897	2,830,455	(788,865)	(730,802)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	1,236	8,635	-	-
Purchase of property, plant and equipment	(122,884)	(597,958)	-	-
Withdrawal/(placement) of fixed deposit with licensed bank	(2,019,436)	3,099,690	-	-
Interest income received	66,573	248,417	-	7,259
Dividend received from a joint venture	-	121,889	-	-
Dividend received from a subsidiary	-	-	2,988,156	542,700
Dividend received from an associate	1,436,500	1,402,500	1,436,500	1,402,500
Net cash flows (used in)/generated from investing activities	(638,011)	4,283,173	4,424,656	1,952,459

Statements of Cash Flows

For The Financial Year Ended 31 December 2021

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(2,160,000)	(1,080,000)	(2,160,000)	(1,080,000)
Payment of principal portion of lease liabilities	(112,364)	(143,466)	-	-
Repayment of hire purchase obligations	(3,947)	(19,057)	-	-
Net cash flows used in financing activities	(2,276,311)	(1,242,523)	(2,160,000)	(1,080,000)
NET CHANGES IN CASH AND CASH EQUIVALENTS	2,616,575	5,871,105	1,475,791	141,657
Effect of exchange rate changes on cash and cash equivalents	(1,316,827)	(403,134)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	37,343,464	31,875,493	543,647	401,990
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 14)	38,643,212	37,343,464	2,019,438	543,647

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business is located at 39-5, Jalan PJU 1/41, Block D1, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding.

The principal activities and other information relating to the subsidiaries and associates are disclosed in Note 6 and Note 7 respectively.

There has been no significant change in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 31 March 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Company adopted amended MFRS which are mandatory for financial periods beginning on or after 1 January 2021 as fully described in Note 2.3.

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise disclosed below.

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation and Business Combinations

(i) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation and Business Combinations (Cont'd)

(i) Basis of Consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Contractual arrangement with the other vote holders of the investee;

(iv) Rights arising from other contractual arrangements; and

(v) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

(ii) Business Combinations

(a) Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss in accordance with MFRS 9. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit and loss.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation and Business Combinations (Cont'd)

(ii) Business Combinations (Cont'd)

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

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

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

(b) Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their respective carrying amounts and reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the Group to the extent that the laws and statues do not prohibit the use of such reserves. The statement of comprehensive income reflects the result of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

At the reporting date, the merger deficit is Nil (2020: Nil) as the carrying amount of merger deficit had been adjusted against the Group's retained earnings in previous financial years.

(b) Transactions with Non-controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

(c) Foreign Currency

(i) Foreign Currency Translation

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Foreign Currency (Cont'd)

(i) Foreign Currency Translation (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in statement of income for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Foreign Operations

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(d) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	20 years
Air conditioner	5 years
Computers	3 - 5 years
Furniture and fittings	2 - 10 years
Motor vehicles	7 - 10 years
Office equipment	2 - 10 years
Plant, machinery and instruments	5 years
Renovation	5 years

Construction work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(d) Property, Plant and Equipment (Cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

(e) Investment Properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being contructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation of investment property is provided for on a straight-line basis to write off the cost of investment properties to its residual value over the lower of the estimated useful life or lease period:

- Leasehold land and Building	Over the lease period of 17 - 50 years

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statement of financial position as investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying cost at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(d) up to the date of change in use.

(f) Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and building	18 years

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

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statement of financial position as investment property.

The Group assesses at each reporting date whether there is an indication that the right-of-use assets may be impaired in accordance with the accounting policy set out in Note 2.2(i).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Club Membership

Club membership which was acquired separately is carried at cost less accumulated impairment loss. The Group assesses at each reporting date whether there is an indication that the club membership may be impaired in accordance with the accounting policy set out in Note 2.2(i).

(h) Other Investment

Other investment which was acquired separately is carried at cost less accumulated impairment loss. The Group assesses at each reporting date whether there is an indication that the other investment may be impaired in accordance with the accounting policy set out in Note 2.2(i).

(i) Impairment of Non-Financial Assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group and the Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(j) Subsidiaries

A subsidiary is an investee that is controlled by the Group as further discussed in Note 2(a)(i). The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Associates and Joint Venture

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate or joint venture's profit or loss for the period in which the investment is acquired.

An associate and joint venture are equity accounted for from the date on which the investee becomes an associate and joint venture.

Under the equity method, on initial recognition the investment in an associate or joint venture are recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates or joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

In the Company's separate financial statements, investments in associates or joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(l) Financial Assets

Initial Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the Financial Statements
- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(l) Financial Assets (Cont'd)

Initial Recognition and Measurement (Cont'd)

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Group and the Company have no financial assets carried at fair value through OCI, for both debt and equity instruments and financial assets at fair value through profit or loss.

The measurement of financial assets depends on their classification, as described below:

Financial Assets at Amortised Cost ("Debt Instruments")

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(l) Financial Assets (Cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(m) Impairment of Financial Assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience. The Group and the Company consider forward-looking factors do not have significant impact to their credit risk given the nature of their industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents consist of cash in hand, bank balances, demand deposits and short term highly liquid investments with a maturity of three months or less from the date of placement that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading goods: purchase costs on a first-in-first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

(q) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Other financial liabilities.

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

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(q) Financial Liabilities (Cont'd)

Other Financial Liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of Financial Instruments

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

(r) Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants are recognised in profit and loss on a systematic basis over the period in which the entity recognises as expenses the related cost for which the grant are intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over a systematic basis over the expected useful life of the relevant asset.

(s) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Defined Benefit Plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(s) Employee Benefits (Cont'd)

(iii) Defined Benefit Plan (Cont'd)

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(iv) Employee Leave Entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(t) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Finance Lease

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statement of financial position as investment property.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(t) Leases

Operating Lease

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(ii) Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(u) Revenue

Revenue from Contracts with Customers

Revenue is measured based on the consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group and the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) Sale of Goods

The Group and the Company is in the business of sales of rotating equipment and spare parts.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price which comprise the contractual price.

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rendering of Services

The Group and the Company is in the business of maintenance and overhaul service of of rotating equipment and spare parts.

Revenue is recognised based when the services are rendered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price which comprise the contractual price.

(iii) Commission Income

The Group acts as an agent to provide a service of arranging for another party to transfer goods to a customer. The Group recognises a commission fee, being the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Other Revenue

(i) Interest Income

Interest income is recognised using the effective interest method.

(ii) Dividend Income

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

(iii) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(u) Revenue (Cont'd)

Contract Balances

(i) Contract Assets

Contract assets primarily relate to the Group's right to consideration for work complete but not yet billed at reporting date for sale of goods and services. Contract assets are transferred to receivables when the rights become unconditional.

(ii) Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) in accordance with the accounting policy set out in Note 2.2(l).

(iii) Contract Liabilities

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for sale of goods and services.

(v) Taxes

(i) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(v) Taxes (Cont'd)

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

Revenues, expenses and assets in Singapore, Thailand, Philippines and Indonesia are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- When receivables and payables are stated with the amount of GST included.

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

(iii) Sales and Service Tax ("SST")

When SST is incurred in Malaysia, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

(w) Share Capital and Share Issuance Expenses

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

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(x) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) Current Versus Non-current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(y) Current Versus Non-current Classification (Cont'd)

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(z) Fair Value Measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of amended standards as follows:

On 1 January 2021, the Group and Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after 1 January 2021.

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16: COVID-19 Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139: Interest Rate Benchmark Reform - Phase 2

Adoption of the above amended standards did not have any effect on the financial performance or position of the Group and the Company.

2.4 Standard Issued but Not Yet Effective

The new and amended standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable when they become effective.

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 1: Subsidiary as a First-time Adopter (Annual Improvement to MFRSs 2018-2020 Cycle)
Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 9: Fees in the '10 per cent' Test for Dereognition of Financial Liabilities
(Annual Improvement to MFRSs 2018-2020 Cycle)
Amendments to MFRS 16: Illustrative Example accompanying MFRS 16 Leases
(Annual Improvement to MFRSs 2018-2020 Cycle)
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contract - Cost of Fulfilling a Contract
Amendments to MFRS 141: Taxation in Fair Value Measurements (Annual Improvement to MFRSs 2018-2020 Cycle)

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 17: Insurance Contract
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101: Classification of Liabilities as Current and Non-current
Amendments to MFRS 101: Disclosure of Accounting Policies
Amendments to MFRS 108: Definition of Accounting Estimates
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arissing from a Single Transaction

Effective for financial periods to be announced

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

Notes to the Financial Statements

- 31 December 2021 -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Judgements and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Critical Judgements Made in Applying Accounting Policies

There are critical judgements made by management in the process of applying the Group's and the Company's accounting policies which may have significant effect on the amounts recognised in the financial statements as disclosed below:

(i) Property Lease Classification - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contacts as operating leases.

(b) Key Sources of Estimation Uncertainty

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

(i) Provision for Expected Credit Losses of Trade Receivables and Contract Asset

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 12 and Note 13 respectively.

The carrying amount of trade receivables and contract assets as at 31 December 2021 are RM13,757,159 and RM770,162 respectively (31 December 2020: RM9,832,726 and RM345,672).

Notes to the Financial Statements

- 31 December 2021 -

2. PROPERTY, PLANT AND EQUIPMENT

	Air Conditioner RM	Computers RM	Furniture and Fittings RM	Motor Vehicles RM	Office Equipment RM	Plant, Machinery and Instruments RM	Renovation RM	Total RM
Group								
At 31 December 2021								
Cost								
At 1 January 2021	126,689	581,158	790,825	1,284,745	437,917	5,968,243	3,016,908	12,206,485
Additions	-	13,884	2,960	2,626	5,550	97,864	-	122,884
Disposals	-	-	-	(192,750)	(2,640)	(1,374)	-	(196,764)
Exchange differences	2,149	(860)	(1,532)	236	(5,305)	79,035	51,753	125,476
At 31 December 2021	128,838	594,182	792,253	1,094,857	435,522	6,143,768	3,068,661	12,258,081
Accumulated Depreciation								
At 1 January 2021	118,718	467,541	721,191	1,031,706	360,974	5,111,237	2,540,729	10,352,096
Depreciation charge for the year	2,009	47,001	34,057	80,194	30,197	444,259	259,069	896,786
Disposals	-	-	-	(192,750)	(2,640)	(1,374)	-	(196,764)
Exchange differences	2,012	(2,519)	(2,385)	1,628	(4,741)	67,028	43,453	104,476
At 31 December 2021	122,739	512,023	752,863	920,778	383,790	5,621,150	2,843,251	11,156,594
Net Carrying Amount	6,099	82,159	39,390	174,079	51,732	522,618	225,410	1,101,487

	Land Improvement RM	Air Conditioner RM	Furniture and Computers RM	Motor Fittings RM	Office Vehicles RM	Equipment RM	Plant, Machinery and Instruments RM	Renovation RM	Total RM
Group									
At 31 December 2020									
Cost									
At 1 January 2020	59,849	119,382	471,713	760,656	1,119,910	459,511	5,837,553	2,950,758	11,779,332
Additions	-	7,466	113,795	35,586	172,016	44,151	152,511	72,433	597,958
Disposals	-	-	-	-	-	(61,889)	-	-	(61,889)
Write-offs	(61,942)	-	-	-	-	-	-	-	(61,942)
Exchange differences	2,093	(159)	(4,350)	(5,417)	(7,181)	(3,856)	(21,821)	(6,283)	(46,974)
At 31 December 2020	-	126,689	581,158	790,825	1,284,745	437,917	5,968,243	3,016,908	12,206,485

Notes to the Financial Statements

- 31 December 2021 -

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

Group (Cont'd)

	Land Improvement RM	Air Conditioner RM	Furniture and Computers RM	Motor Fittings RM	Office Vehicles RM	Equipment RM	Plant, Machinery and Instruments RM	Renovation RM	Total RM
Accumulated Depreciation									
At 1 January 2020	56,807	99,501	442,671	631,776	929,296	384,026	4,560,940	2,091,000	9,196,017
Depreciation charge for the year	3,196	19,400	28,590	94,821	106,240	41,943	572,767	456,922	1,323,879
Disposals	-	-	-	-	-	(61,889)	-	-	(61,889)
Write-offs	(61,942)	-	-	-	-	-	-	-	(61,942)
Exchange differences	1,939	(183)	(3,720)	(5,406)	(3,830)	(3,106)	(22,470)	(7,193)	(43,969)
At 31 December 2020	-	118,718	467,541	721,191	1,031,706	360,974	5,111,237	2,540,729	10,352,096
Net Carrying Amount	-	7,971	113,617	69,634	253,039	76,943	857,006	476,179	1,854,389

Company

	Office Computer RM	Equipment RM	Total RM
At 31 December 2021			
Cost			
At 1 January 2021/31 December 2021	6,146	2,700	8,846
Accumulated Depreciation			
At 1 January 2021/31 December 2021	6,146	2,700	8,846
Net Carrying Amount	-	-	-
At 31 December 2020			
Cost			
At 1 January 2020/31 December 2020	6,146	2,700	8,846
Accumulated Depreciation			
At 1 January 2020	5,930	2,430	8,360
Depreciation charge for the year	216	270	486
At 31 December 2020	6,146	2,700	8,846
Net Carrying Amount	-	-	-

Notes to the Financial Statements

- 31 December 2021 -

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

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM122,884 (2020: RM597,958) by way of cash.

The carrying amount of property, plant and equipment held under hire purchase arrangement at the reporting date are as follows:

	Group	
	2021	2020
Office equipment	-	3,501

4. INVESTMENT PROPERTIES

	Group	
	2021 RM	2020 RM
Leasehold Land and Building		
Cost		
At 1 January	10,067,656	10,147,669
Exchange differences	184,797	(80,013)
At 31 December	10,252,453	10,067,656
Accumulated Depreciation		
At 1 January	3,790,802	3,571,095
Depreciation charge for the year	256,296	253,879
Exchange differences	71,764	(34,172)
At 31 December	4,118,862	3,790,802
Net Carrying Amount	6,133,591	6,276,854
Fair value as at 31 December	16,153,218	15,884,425

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statement of financial position as investment property.

The investment property as at 31 December 2020 was valued by independent professional valuers firm based on comparison method as disclosed in Note 36 (b).

The fair value of investment properties as at 31 December 2021 has been arrived at based on valuation carried out by Directors using Directors' best estimate based on comparable approaches taking into account the prevailing market conditions.

(a) The Group has land use rights and buildings with carrying amount of RM1,100,146 (2020: RM1,189,898) comprising land lease over two plots of state-owned land in the Republic of Indonesia. The land use rights are transferable and have a remaining tenure of 10 years (2020: 11 years) and 6 years (2020: 7 years) respectively.

The Group also has land use rights and buildings with carrying amount of RM5,033,445 (2020: RM5,086,956) comprising land lease over one plot of state-owned land in the Republic of Singapore. The land use rights are transferable and have a remaining tenure of 37 years (2020: 38 years).

(b) Investment properties pledged as security

The investment properties of the Group with carrying amount of RM5,033,445 (2020: RM5,086,956) are pledged to secure the Group's trade banking facilities for letter of credit which were not utilised at the reporting date.

Notes to the Financial Statements

- 31 December 2021 -

5. RIGHT-OF-USE ASSETS

The Group has lease contracts for land used and building in its operations. Leases of land and building have remaining lease terms of 17 years (2020: 18 years). The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of offices with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Lease of Land RM	Leasehold Building RM	Total RM
Group			
At 31 December 2021			
Cost			
At 1 January 2021	2,896,237	25,340,690	28,236,927
Exchange difference	40,255	449,125	489,380
At 31 December 2021	2,936,492	25,789,815	28,726,307
Accumulated Depreciation			
At 1 January 2021	283,101	5,504,524	5,787,625
Depreciation of right-of-use assets	175,606	1,173,267	1,348,873
Exchange difference	3,448	111,560	115,008
At 31 December 2021	462,155	6,789,351	7,251,506
Net Carrying Amount	2,474,337	19,000,464	21,474,801
At 31 December 2020			
Cost			
At 1 January 2020	2,664,270	25,808,501	28,472,771
Addition	238,791	-	238,791
Write off	-	(421,378)	(421,378)
Exchange difference	(6,824)	(46,433)	(53,257)
At 31 December 2020	2,896,237	25,340,690	28,236,927
Accumulated Depreciation			
At 1 January 2020	138,258	4,777,948	4,916,206
Depreciation of right-of-use assets	146,128	1,157,188	1,303,316
Write off	-	(421,378)	(421,378)
Exchange difference	(1,285)	(9,234)	(10,519)
At 31 December 2020	283,101	5,504,524	5,787,625
Net Carrying Amount	2,613,136	19,836,166	22,449,302

6. INVESTMENT IN SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
Unquoted shares outside Malaysia, at cost	44,628,995	44,628,995

Notes to the Financial Statements

- 31 December 2021 -

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

Name of Subsidiaries	Place of Business / Country of Incorporation	Principal Activities	Proportion of Ownership Interest held by Group		Proportion of Ownership Interest held by Non-controlling Interests	
			2021 (%)	2020 (%)	2021 (%)	2020 (%)
Held by the Company						
Turbo-Mech Asia Pte. Ltd. [(1)]	Singapore	Sales of rotating equipment and spare parts and provision of maintenance and overhaul services	100	100	-	-
Held through Turbo-Mech Asia Pte. Ltd.:						
Scallop (S) Pte. Ltd. [(1)]	Singapore	Dormant	75	75	25	25
Rotodyne Phils. Inc. [(1)]	Philippines	Sales of rotating equipment and spare parts and provision ofmaintenance and overhaul services	100	100	-	-
PT Turbo-Mech Indonesia [(2)(3)]	Indonesia	Sales of rotating equipment and spare parts	100	100	-	-
Turbo-Mech (Thailand) Co. Ltd. [(2)]	Thailand	Sales of rotating equipment and spare parts	99.8	99.8	0.2 [(4)]	0.2

(1) Audited by member firms of Ernst & Young Global in the respective countries
(2) Audited by firms of auditors other than Ernst & Young
(3) 0.58% (2020: 0.58%) of the Group's investment in PT Turbo-Mech Indonesia is registered in the name of a Director, held in trust for the Group
(4) 0.1% (2020: 0.1%) is owned by a Director, Gan Kok Ten.

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted equity shares, at cost	8,765,513	8,765,513	8,639,755	8,639,755
Share of post-acquisition profits				
As at 1 January	8,884,721	9,101,404	-	-
Share of results of associates	642,622	1,219,956	-	-
Less: Dividend declared	(2,125,000)	(1,436,500)	-	-
Exchange currency translation differences	3,758	(139)	-	-
As at 31 December	7,406,101	8,884,721	-	-
	16,171,614	17,650,234	8,639,755	8,639,755

The associates are located in Malaysia and Brunei which are strategic to further enhance the Group's existence in the South East Asia region as their place of business.

Notes to the Financial Statements

- 31 December 2021 -

7. INVESTMENT IN ASSOCIATES (CONT'D)

(a) Details of the associates are as follows:

Name of Associates	Place of Business / Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2021 (%)	2020 (%)	Accounting Model Applied	Financial Year End
Bayu Purnama Sdn. Bhd. [1]	Malaysia	Sales of rotating equipment and spare parts and provision of maintenance and overhaul services	42.5	42.5	Equity method	31 December
Held through Bayu Purnama Sdn. Bhd.						
Bayu Manufacturing Sdn. Bhd. [1]	Malaysia	Manufacturing of skid mounted pumps sets, chemical injection packages andother relatedequipment foroil and gas industry	100	100	Equity method	31 December
Held through Turbo-Mech Asia Pte. Ltd.:						
Rotodyne Sendirian Berhad [2]	Negara Brunei Darussalam	Sales of rotating equipment and spare parts	30	30	Equity method	31 December

[1] Audited by Ernst & Young PLT, Malaysia
[2] Audited by member firms of Ernst & Young Global in the respective countries

(b) Summarised financial information in respect of each of the Group's material associates is set out below.

(i) Summarised statements of financial position

Bayu Purnama Sdn. Bhd.

	2021 RM	2020 RM
Non-current assets	2,542,323	3,213,860
Current assets	46,026,475	46,659,893
Total assets	48,568,798	49,873,753
Non-current liabilities	1,102,455	1,328,851
Current liabilities	8,702,541	6,648,867
Net assets	38,763,802	41,896,035

(ii) Summarised statements of comprehensive income

	2021 RM	2020 RM
Revenue	23,332,298	26,972,602
Profit before tax from continuing operations	2,396,017	4,418,940
Profit for the year from continuing operations	1,867,767	2,981,515
Other comprehensive income	-	-
Total comprehensive income	1,867,767	2,981,515
Dividend receivable from the associate during the year	2,125,000	1,436,500

Notes to the Financial Statements

- 31 December 2021 -

7. INVESTMENT IN ASSOCIATES (CONT'D)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. (Cont'd)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in its material associates

	2021 RM	2020 RM
Net assets at 1 January	41,896,035	42,294,520
Profit for the year	1,867,767	2,981,515
Other comprehensive income	-	-
Less: Dividend paid	(5,000,000)	(3,380,000)
Net assets at 31 December	38,763,802	41,896,035
Interest in associates	42.5%	42.5%
Carrying value of Group's interest in associate	16,474,616	17,805,815

(c) Aggregate information of associate that is not individually material

	2021 RM	2020 RM
The Group's share of loss before tax from continuing operations	(225,787)	(126,100)
The Group's share of loss after tax from continuing operations	(225,787)	(126,100)
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive loss	(225,787)	(126,100)

(d) The associates had no contingent liabilities or capital commitments as at 31 December 2021 and 31 December 2020.

8. INVESTMENT IN JOINT VENTURE

	Group 2021 RM	 2020 RM
Unquoted shares, at cost	155,080	155,080
Share of post-acquisition profit		
As at 1 January	97,259	199,776
Share of results of joint ventures	154,351	19,360
Less: Dividend declared	-	(121,889)
Exchange currency translation differences	4,149	12
As at 31 December	255,759	97,259
	410,839	252,339

The joint venture is strategic to further enhance the variety of Group's services deliveries to existing oil and gas customers.

Notes to the Financial Statements

- 31 December 2021 -

8. INVESTMENT IN JOINT VENTURES (CONT'D)

(a) Details of the joint venture are as follows:

Name of Joint Venture	Place of Business/ Country of Incorporation	Principal Activities	Proportion of Ownership Interest held by Group		Proportion of Ownership Interest held by Joint Venture Party	
			2021 (%)	2020 (%)	2021 (%)	2020 (%)
Held through Turbo-Mech Asia Pte. Ltd.:						
TM-Elflow Pte. Ltd. [1]	Singapore	Sales of air-cooled heat exchangers and products and services	50	50	50	50

The financial year end of the joint venture is at 31 December.

[1] Audited by member firms of Ernst & Young Global in the respective countries

(b) Summarised financial information in respect of each of the Group's joint venture is set out below.

(i) Summarised statements of financial position

	2021 RM	2020 RM
Non-current assets	63,076	114,565
Current assets	825,440	414,757
Total assets	888,516	529,322
Current liabilities	(66,801)	(24,607)
Irredeemable, non-convertible preference shares	(37)	(37)
Net assets	821,678	504,678

(ii) Summarised statements of comprehensive income

	2021 RM	2020 RM
Revenue	461,707	196,597
Income before tax from continuing operations	350,661	42,748
Income after tax from continuing operations	308,702	38,720
Other comprehensive gain	8,298	24
Total comprehensive income	317,000	38,744
Dividend received from the joint venture during the year	-	121,889

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in its joint venture

	2021 RM	2020 RM
Net assets at beginning of the year	504,678	709,712
Income for the year	308,702	38,720
Exchange currency translation differences	8,298	24
Less: Dividend paid	-	(243,778)
Net assets at 31 December	821,678	504,678
Interest in joint venture	50.0%	50.0%
Carrying value of Group's interest in joint venture	410,839	252,339

The joint venture had no contingent liabilities or capital commitments as at 31 December 2021 and 31 December 2020.

Notes to the Financial Statements

- 31 December 2021 -

9. OTHER NON-CURRENT ASSETS

	Group 2021 RM	Group 2020 RM
Club memberships, at cost	61,441	61,441
Less: Impairment of club memberships	(23,042)	(23,042)
Less: Amortisation of club memberships	(38,399)	(30,720)
Net book value of club memberships	-	7,679
Unquoted investment, at cost	12	12
	12	7,691

The non-current assets are stated at costs, less impairment and amortisation which approximate their market values.

10. DEFERRED TAX (ASSETS)/LIABILITIES

	Group 2021 RM	Group 2020 RM
At 1 January	(50,175)	171,906
Recognised in the statements of income	(96,558)	(223,234)
Exchange currency translation differences	21,156	1,153
At 31 December	(125,577)	(50,175)

Presented after offsetting as follows:

	Group 2021 RM	Group 2020 RM
Deferred tax assets	(707,585)	(708,582)
Deferred tax liabilities	582,008	658,407
	(125,577)	(50,175)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Right-of-use Assets RM	Property, Plant and Equipment RM	Total RM
At 1 January 2020	429,922	178,406	608,328
Recognised in the statements of income	44,258	6,446	50,704
Exchange currency translation differences	(374)	(251)	(625)
At 31 December 2020	473,806	184,601	658,407
Recognised in the statements of income	(34,709)	(51,013)	(85,722)
Exchange currency translation differences	6,007	3,316	9,323
At 31 December 2021	445,104	136,904	582,008

Notes to the Financial Statements

- 31 December 2021 -

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

Deferred Tax Assets of the Group:

	Lease Liability RM	Other Deductible Temporary Differences RM	Total RM
At 1 January 2020	(436,422)	-	(436,422)
Recognised in the statements of income	(42,020)	(231,918)	(273,938)
Exchange currency translation differences	913	865	1,778
At 31 December 2020	(477,529)	(231,053)	(708,582)
Recognised in the statements of income	21,215	(8,383)	12,832
Exchange currency translation differences	(6,170)	(5,665)	(11,835)
At 31 December 2021	(462,484)	(245,101)	(707,585)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2021 RM	Group 2020 RM
Foreign		
Unrecognised temporary differences	358,946	244,567
Unutilised business losses	96,326	96,326
	455,272	340,893
Potential foreign deferred tax benefits at 17% and 30% (2020: 17% and 30%)	124,059	89,745

Deferred tax assets have not been recognised in respect of the above items as it is uncertain that taxable profit will be available against which the deductible temporary differences can be utilised. The use of these tax losses are subject to agreement of tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised taxable temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to RM1,497,000 (2020: RM1,250,000).

11. INVENTORIES

	Group 2021 RM	Group 2020 RM
Trading goods	13,590,464	13,601,155
Goods in transit	-	985,599
Total inventories at the lower of cost and net realisable value	13,590,464	14,586,754

(a) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM25,087,564 (2020: RM30,669,473).

(b) Inventories amounting to RM146,620 (2020: RM47,407) were written off within other operating expenses in profit or loss.

Notes to the Financial Statements

- 31 December 2021 -

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade Receivables				
Third parties	13,805,152	9,943,285	-	-
Amount due from associates	-	1,335	-	-
	13,805,152	9,944,620	-	-
Less: Allowance for expected credit loss	(47,993)	(111,894)	-	-
	13,757,159	9,832,726	-	-
Other Receivables				
Staff advances	-	19,123	-	-
Refundable deposits	201,747	192,320	7,605	7,605
Interest receivables	13,543	78,216	-	-
Net GST receivables	17,305	-	-	-
Other receivables	245,635	225,353	-	-
	478,230	515,012	7,605	7,605
Total trade and other receivables	14,235,389	10,347,738	7,605	7,605
Less: Net GST receivables	(17,305)	-	-	-
Total trade and other receivables carried at amortised cost	14,218,084	10,347,738	7,605	7,605
Add: Dividend receivables	2,125,000	1,436,500	2,125,000	2,899,156
Add: Cash and bank balances	50,841,797	47,522,613	2,019,438	543,647
Total financial assets carried at amortised cost	67,184,881	59,306,851	4,152,043	3,450,408

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2020: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	7,605	7,605	7,605	7,605
Singapore Dollars	4,914,738	3,185,271	-	-
United States Dollars	933,894	2,531,383	-	-
Japanese Yen	17,370	-	-	-
Philippines Peso	576,790	587,314	-	-
Indonesian Rupiah	2,365,565	2,872,613	-	-
Thailand Baht	5,400,276	182,177	-	-
Euro	19,151	981,375	-	-
	14,235,389	10,347,738	7,605	7,605

Notes to the Financial Statements

- 31 December 2021 -

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables (Cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Gross Carrying Amount RM	Expected Credit Loss RM	Total RM
At 31 December 2021			
Current	5,296,666	(7,767)	5,288,899
1 to 30 days past due	4,290,948	(25,773)	4,265,175
31 to 60 days past due	1,969,762	(8,937)	1,960,825
60 to 90 days past due	776,466	(5,291)	771,175
91 to 120 days past due	-	-	-
More than 120 days past due	1,471,310	(225)	1,471,085
	13,805,152	(47,993)	13,757,159
At 31 December 2020			
Current	4,607,187	(27,032)	4,580,155
1 to 30 days past due	3,008,891	(18,722)	2,990,169
31 to 60 days past due	1,334,634	(2,314)	1,332,320
60 to 90 days past due	29,327	(225)	29,102
91 to 120 days past due	964,581	(63,601)	900,980
More than 120 days past due	-	-	-
	9,944,620	(111,894)	9,832,726

Receivables that are neither past due nor impaired

Trade receivables that are not impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables have been renegotiated during the financial year.

As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 6 (2020: 6) debtors represent 70% (2020: 79%) of total trade receivables.

Expected Credit Losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group 2021 RM	Group 2020 RM
Movement in expected credit loss allowance accounts		
As at 1 January	111,894	158,816
Charge for the financial year (Note 30)	48,033	23,625
Reversal of prior years provision (Note 26)	(113,890)	-
Written off	-	(70,285)
Exchange currency translation differences	1,956	(262)
As at 31 December	47,993	111,894

(b) Amounts due from An Associate and Related Companies

The amounts due from an associate and related companies are unsecured, non-interest bearing and receivable on demand.

Notes to the Financial Statements
- 31 December 2021 -

13. CONTRACT ASSET

	Group 2021 RM	Group 2020 RM
Contract assets	770,162	345,672

Contract assets primarily relate to the Group's right to consideration for goods and service transferred for which receipt of its consideration is conditional on the completion and final acceptance by the customers. Contract assets are transferred to receivables when the rights become unconditional.

Contract assets relate to revenue earned from ongoing project services. As such, the balance of this account vary and depend on the number of ongoing project services at the end of the financial year.

Movement in contract assets are explained as follows:

	Group 2021 RM	Group 2020 RM
As at 1 January	345,672	1,876,791
Unbilled portion for revenue earned	10,141,001	7,331,030
Contract asset reclassified to trade receivables	(9,716,511)	(8,862,149)
As at 31 December	770,162	345,672

Contract assets are denominated in the following currencies:

	Group 2021 RM	Group 2020 RM
Singapore Dollars	770,162	345,672

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	Group 2021 RM	Group 2020 RM
Within one year	1,102,147	394,505

14. CASH AND BANK BALANCES AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash at banks and in hand	31,705,185	24,282,437	2,019,438	543,647
Fixed deposits with licensed banks	19,136,612	23,240,176	-	-
Cash and bank balances	50,841,797	47,522,613	2,019,438	543,647
Less: Fixed deposits with licensed bank with maturity periods more than 3 months	(12,198,585)	(10,179,149)	-	-
Cash and cash equivalents	38,643,212	37,343,464	2,019,438	543,647

Notes to the Financial Statements

- 31 December 2021 -

14. CASH AND BANK BALANCES AND CASH AND CASH EQUIVALENTS (CONT'D)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits with licensed bank are made for varying periods of between one day and one year (2020: one day and one year) depending on the immediate cash requirements of the Group and of the Company. The Group deposits with licensed banks earns interest ranging from 0.1% to 0.3% (2020: 0.2% to 2.4%) during the year.

The weighted average effective rates of deposits with licensed banks of the Group were 0.19% (2020: 0.54%) per annum.

The weighted average maturities of deposits with licensed banks of the Group were 139 (2020: 136) days.

Fixed deposits with licensed banks of the Group amounting to RM4,725,764 (2020: RM7,898,934) are pledged to secure the Group's banking facilities for letter of credit and bank guarantee.

As at the reporting date, the Group have not utilised any of the above banking facilities.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	2,019,438	543,647	2,019,438	543,647
Singapore Dollars	22,603,617	21,510,368	-	-
United States Dollars	12,165,082	7,610,688	-	-
Japanese Yen	2,803,953	2,971,067	-	-
Philippines Peso	62,385	215,365	-	-
Indonesian Rupiah	4,436,800	2,868,697	-	-
Euro Dollars	1,359,149	776,364	-	-
Thailand Baht	5,348,005	10,959,427	-	-
Others	43,368	66,990	-	-
	50,841,797	47,522,613	2,019,438	543,647

15. SHARE CAPITAL

	Number of Ordinary Shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid:				
At 1 January / 31 December	108,000,000	108,000,000	54,000,000	54,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. RETAINED EARNINGS AND RESERVES

(a) Retained Earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2021 and 31 December 2020 under the single tier system.

(b) Capital Reserve

This reserve arose from a subsidiary's bonus issue by way of capitalisation of its retained earnings.

Notes to the Financial Statements

- 31 December 2021 -

16. RETAINED EARNINGS AND RESERVES (CONT'D)

(c) Retirement Benefit Obligation Reserve

The reserve arose from remeasurement of the net defined benefit liability arising from actuarial gains and losses from increases or decreases in the present value of the defined benefit obligation.

(d) Statutory Reserve

The statutory reserve relates to the appropriation of reserves from the net profits of a subsidiary company established in Thailand. In accordance with the Thailand local laws, before dividends for a particular year are declared, companies are required to appropriate 5% of their profit before taxation reported in the statutory accounts for that year to a statutory reserve. The maximum balance of the reserve is capped at 10% of the registered capital. This reserve can only be distributed to the shareholders upon liquidation of the company or utilised in the event of a reduction in share capital.

17. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade Payables				
Third parties	4,699,128	3,453,618	-	-
Amount due to an associate	50,957	-	-	-
	4,750,085	3,453,618	-	-
Other Payables				
Amount due to a joint venture	318,181	188,769	-	-
Accruals	1,651,417	2,921,453	168,377	222,598
Net GST payables	53,233	46,792	-	-
Other payables	578,230	594,554	-	-
	2,601,061	3,751,568	168,377	222,598
Total trade and other payables	7,351,146	7,205,186	168,377	222,598
Less: Net GST payables	(53,233)	(46,792)	-	-
Total trade and other payables carried at amortised cost	7,297,913	7,158,394	168,377	222,598
Add: Loans and borrowings (Note 20)	-	3,947	-	-
Retirement benefit obligation (Note 21)	319,813	363,569	-	-
Lease liability (Note 22)	2,578,462	2,657,131	-	-
Total financial liabilities carried at amortised cost	10,196,188	10,183,041	168,377	222,598

Notes to the Financial Statements

- 31 December 2021 -

18. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2020: 30 to 60 days) terms.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	169,436	222,598	168,377	222,598
Singapore Dollars	1,555,219	2,462,656	-	-
United States Dollars	3,526,555	3,135,426	-	-
Japanese Yen	36,605	521,807	-	-
Philippines Peso	83,250	140,291	-	-
Indonesian Rupiah	553,151	212,927	-	-
Thailand Baht	357,068	95,553	-	-
Euro Dollars	1,069,862	413,928	-	-
	7,351,146	7,205,186	168,377	222,598

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 days (2020: 90 days).

(c) Amount due to An Associate and A Joint Venture

The amount due to an associate and a joint venture are unsecured, non-interest bearing and are repayable on demand.

19. CONTRACT LIABILITIES

	Group	
	2021 RM	2020 RM
Contract liabilities	2,711,358	475,117

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of goods and services.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Movement in contract liabilities are explained as follows:

	Group	
	2021 RM	2020 RM
As at 1 January	475,117	3,081,717
Advances received from customers	3,324,968	1,912,632
Recognised as revenue during the year	(1,088,727)	(4,519,232)
As at 31 December	2,711,358	475,117

Contract liabilities are denominated in the following currencies:

	Group	
	2021 RM	2020 RM
Singapore Dollars	2,711,358	475,117

Notes to the Financial Statements

- 31 December 2021 -

19. CONTRACT LIABILITIES (CONT'D)

The remaining performance obligations expected to be recognised (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	Group 2021 RM	Group 2020 RM
Within one year	2,711,358	475,117

20. LOANS AND BORROWINGS

	Maturity	Group 2021 RM	Group 2020 RM
Current			
Secured:			
Obligations under hire purchase	2021	-	3,947
Non-current			
Secured:			
Obligations under hire purchase	2022	-	-
Total		-	3,947

Obligations under hire purchase

The Company has hire purchase for certain of its office equipment (Note 3). This hire purhcase does not have terms of renewal, but have purchase options at nominal values at the end of the term.

Future minimum payments under hire purchase together with the present value of the net minimum payments are as follows:

	2021 RM	2020 RM
Future minimum payments:		
On demand or within one (1) year	-	4,031
More than one (1) year and less than two (2) years	-	-
Total minimum future payments	-	4,031
Less: Future finance charges	-	(84)
Present value of hire purchase liabilities	-	3,947
Analysis of present value of hire purchase liabilities:		
On demand or within one (1) year	-	3,947
More than one (1) year and less than two (2) years	-	-
	-	3,947
Less: Amount due within 12 months	-	(3,947)
Amount due after 12 months	-	-

In prior financial year, the hire purchase bears interest at the reporting date ranging from 5.69% to 12.68% per annum.

Notes to the Financial Statements

- 31 December 2021 -

21. RETIREMENT BENEFIT OBLIGATION

	Group 2021 RM	Group 2020 RM
Defined benefit obligations	319,813	363,569

Defined benefit plans

The Group operates a defined benefit plans covering all regular full-time employees in a subsidiary, Rotodyne Phil. Inc. It is unfunded but accrues the estimated cost of post-employment benefits, actuarially determined.

The amount included in the Group's statement of financial position arising from the Group's obligations in respect of its defined benefit plans is as follows:

	Group 2021 RM	Group 2020 RM
Present value of defined benefit obligations representing net defined benefit liabilities	319,813	363,569

Changes in present value of the defined benefit obligations are as follows:

	Group 2021 RM	Group 2020 RM
At 1 January	277,973	237,612
Benefit paid	-	-
Current service costs	31,849	24,590
Past service costs	(46,087)	-
Interest costs	11,368	13,296
Amount recognised in statement of income	(2,870)	37,886
Exchange differences	(225)	2,475
	(3,095)	40,361
At 31 December	274,878	277,973
Remeasurement loss/(gain) on defined benefit plans		
At 1 January	85,596	34,518
Actuarial loss/(gain) arising from:		
- changes in financial assumptions	(42,805)	43,290
- changes in demographic assumptions	(553)	-
- experience adjustments	2,697	7,788
Amount recognised in statement of comprehensive income	(40,661)	51,078
At 31 December	44,935	85,596
Net Carrying Amount	319,813	363,569
Analysed as:		
Current	-	-
Non-current		
Later than one (1) year but not later than two (2) years	16,334	17,134
Later than two (2) years but not later than five (5) years	-	-
Later than five (5) years	303,479	346,435
	319,813	363,569
	319,813	363,569

Notes to the Financial Statements
- 31 December 2021 -

21. RETIREMENT BENEFIT OBLIGATION (CONT'D)

The cost of defined benefit plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the obligations for the defined benefit plans are shown below:

	Group	
	2021	2020
Discount rates	2.38%-6.14%	1.65%-6.07%
Expected rate of future salary increases	2%-10%	2%-10%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Group	
		2021	2020
		RM	RM
Discount rates	- Increase 1% (2020: 1%)	(21,669)	(29,375)
	- Decrease 1% (2020: 1%)	23,967	32,952
Expected rate of future salary increases	- Increase 1% (2020: 1%)	24,341	33,013
	- Decrease 1% (2020: 1%)	(22,373)	(29,978)

22. LEASE LIABILITIES

Information about the Group's leases are disclosed in Note 5.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group	
	2021	2020
	RM	RM
As at 1 January	2,657,131	2,564,203
Addition	-	238,791
Accretion of interest on lease liabilities	86,652	85,589
Payment	(199,016)	(229,055)
Exchange difference	33,695	(2,397)
As at 31 December	2,578,462	2,657,131
Current	156,679	122,164
Non-current	2,421,783	2,534,967
	2,578,462	2,657,131

The maturity analysis of lease liabilities are disclosed below:

	Group	
	2021	2020
	RM	RM
Not later than one year	156,679	122,164
Later than one year but not later than five years	764,575	645,829
Later than five years	1,657,208	1,889,138
	2,578,462	2,657,131

Notes to the Financial Statements

- 31 December 2021 -

22. LEASE LIABILITIES (CONT'D)

The following are the amounts recognised in profit or loss:

	Group 2021 RM	Group 2020 RM
Depreciation of right-of-use assets	(1,348,873)	(1,303,316)
Accretion of interest on lease liabilities	(86,652)	(85,589)
Total amount recognised in profit or loss	(1,435,525)	(1,388,905)

The Group had total cash outflows for lease payments amounting to RM199,016 (2020: RM229,055). The future cash outflows relating to short-term leases are disclosed in Note 34.

23. REVENUE

(a) Disaggregation of Revenue

Segments	Group					
	Sales of Goods		Service Income		Total Revenue	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Primary geographical market						
Malaysia	3,040,841	5,188,943	888,787	-	3,929,628	5,188,943
Singapore	14,456,627	17,414,438	8,377,739	6,822,734	22,834,366	24,237,172
Indonesia	2,846,852	3,295,712	-	-	2,846,852	3,295,712
Philippines	1,491,057	1,934,556	-	-	1,491,057	1,934,556
Thailand	6,722,025	3,241,251	-	-	6,722,025	3,241,251
Others	4,029,487	11,007,119	874,475	508,296	4,903,962	11,515,415
	32,586,889	42,082,019	10,141,001	7,331,030	42,727,890	49,413,049
Major product or service lines						
Rotating equipment and spare parts	32,586,889	42,082,019	-	-	32,586,889	42,082,019
Maintenance and overhaul services	-	-	10,141,001	7,331,030	10,141,001	7,331,030
	32,586,889	42,082,019	10,141,001	7,331,030	42,727,890	49,413,049
Timing of transfer of goods or services						
At a point in time	32,586,889	42,082,019	-	-	32,586,889	42,082,019
Over time	-	-	10,141,001	7,331,030	10,141,001	7,331,030
	32,586,889	42,082,019	10,141,001	7,331,030	42,727,890	49,413,049

	Company 2021 RM	Company 2020 RM
Dividend income	3,650,500	3,441,856

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

Notes to the Financial Statements

- 31 December 2021 -

23. REVENUE (CONT'D)

(a) Disaggregation of Revenue (Cont'd)

	Group			
	Sales of Goods		Service Income	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue	32,586,889	42,082,019	10,141,001	7,331,030
Inter-segment	2,501,516	2,973,418	-	-
	35,088,405	45,055,437	10,141,001	7,331,030
Inter-segment adjustments and elimination	(2,501,516)	(2,973,418)	-	-
Total revenue from contracts with customers	32,586,889	42,082,019	10,141,001	7,331,030

(b) Contract Balances

Information about trade receivables, contract assets and contract liabilities from contracts with customers are disclosed in Note 12, Note 13 and Note 19 respectively.

The Group has recognised expected credit losses on trade receivables and contract asset arising from contracts with customers as disclosed in Note 12 and Note 13 respectively.

(c) Performance Obligation

Information about the Group's performance obligations are summarised below:

(i) Sales of Goods

The performance obligation is satisfied upon delivery of the rotating equipment and spare parts and payment is generally due within 30 to 120 days from delivery.

(ii) Service Income

The performance obligation is satisfied over-time and payment is generally due upon completion of maintenance and overhaul services and acceptance of the customer.

24. COST OF SALES

Cost of sales comprises cost of goods sold and its associated expenses.

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cost of inventories sold	25,087,564	30,669,473	-	-
Cost of services	3,513,253	3,528,911	-	-
	28,600,817	34,198,384	-	-

25. INTEREST INCOME

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest income from fixed deposits with licensed banks	66,573	248,417	-	7,259

Notes to the Financial Statements

- 31 December 2021 -

26. OTHER INCOME

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Net realised gain on foreign currency translations	1,001,694	-	-	-
Net unrealised gain on foreign currency translations	-	119,844	-	-
Rental income	1,282,540	1,267,023	-	-
Gain on disposal of property, plant and equipment	1,236	8,635	-	-
Reversal of allowance for impairment loss on trade receivables	113,890	-	-	-
Reversal of write-down of inventories	88,811	42,094	-	-
Government assistance on job support scheme	380,184	851,411	-	-
Commission income	554,506	-	-	-
Others	219,501	107,360	-	-
	3,642,362	2,396,367	-	-

27. EMPLOYEE BENEFITS EXPENSE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Salaries, bonuses and other emoluments	6,904,100	6,876,526	193,522	175,857
Director fees	104,000	104,000	104,000	104,000
Contributions to defined contribution plan	606,029	626,720	18,215	17,991
Increase in liability for defined benefit plan	21,767	57,950	-	-
Other benefits	815,595	772,617	16,943	11,040
	8,451,491	8,437,813	332,680	308,888
Less: Amount included in Cost of Sales	(2,027,028)	(1,835,835)	-	-
	6,424,463	6,601,978	332,680	308,888

Included in employee benefits expense of the Group and of the Company are Directors' remuneration amounting to RM1,180,168 (2020: RM1,166,064) and RM152,730 (2020: RM150,610) respectively.

28. DIRECTORS' REMUNERATION

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	265,713	255,127	-	-
Fees	22,000	22,000	22,000	22,000
Bonus	30,203	38,560	-	-
Defined contribution plan	47,489	47,802	-	-
Insurance effected to indemnify directors	4,243	3,537	4,243	3,537
Total Executive Directors' remuneration	369,648	367,026	26,243	25,537
Non-Executive:				
Fees	82,000	82,000	82,000	82,000
Other emoluments	36,000	36,000	36,000	36,000
Insurance effected to indemnify directors	8,487	7,073	8,487	7,073
Total Non-Executive Directors' remuneration	126,487	125,073	126,487	125,073
	496,135	492,099	152,730	150,610

Notes to the Financial Statements

- 31 December 2021 -

28. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors of the Subsidiaries				
Executive:				
Salaries and other emoluments	559,647	534,735	-	-
Fees	-	-	-	-
Bonus	72,265	86,885	-	-
Defined contribution plan	52,121	52,345	-	-
	684,033	673,965	-	-
Non-Executive:				
Fees	-	-	-	-
Total Directors' remuneration	1,180,168	1,166,064	152,730	150,610
Executive Directors' remuneration	1,053,681	1,040,991	26,243	25,537
Non-Executive Directors' remuneration	126,487	125,073	126,487	125,073
	1,180,168	1,166,064	152,730	150,610

The number of Directors of the Company whose total remuneration during the financial year fell within the followings bands is analysed below:

	Number of Directors			
	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
At 31 December 2021				
RM0 - RM50,000	1	5	2	5
RM300,001 – RM350,000	1	-	-	-
At 31 December 2020				
RM0 - RM50,000	1	4	2	4
RM300,001 – RM350,000	1	-	-	-

29. FINANCE COST

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest expense on obligations under hire purchase	62	687	-	-
Accretion of interest on lease liabilities	86,652	85,589	-	-
	86,714	86,276	-	-

Notes to the Financial Statements

- 31 December 2021 -

30. PROFIT BEFORE TAXATION

The following amounts have been included in arriving at profit before taxation:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audits				
- current year	339,930	318,832	85,000	80,000
- non-statutory audits	10,000	10,000	10,000	10,000
Depreciation of property, plant and equipment	896,786	1,323,879	-	486
Depreciation of investment property	256,296	253,879	-	-
Depreciation of right-of-use assets	1,348,873	1,303,316	-	-
Amortisation on investment in club membership	7,679	7,680	-	-
Non-Executive Directors' remuneration	126,487	125,073	126,487	125,073
Allowance for impairment loss on trade receivables	48,033	23,625	-	-
Bad debt written off	-	57,779	-	-
Inventories written-down	146,620	47,407	-	-
Commission expense paid to joint venture	461,707	196,597	-	-
Unrealised loss on foreign currency translations	699,361	-	-	-
Realised loss on foreign currency translations	-	242,701	1,056	-
Provision for retirement benefit obligations	(2,870)	37,886	-	-
Operating lease:				
Rental on properties on short-term lease	125,550	139,632	4,250	4,250

31. INCOME TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current income tax:				
- Malaysian income tax	-	1,104	-	1,104
- Foreign income tax	1,233,432	1,437,529	-	-
- (Over)/under provision in respect of previous financial years	(246,973)	(109,024)	168	(9,495)
	986,459	1,329,609	168	(8,391)
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	(72,890)	(223,234)	-	-
	(72,890)	(223,234)	-	-
	913,569	1,106,375	168	(8,391)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the Singapore subsidiaries of the Group was 17% (2020: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements

- 31 December 2021 -

31. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	5,958,940	6,490,116	2,920,996	2,719,594
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	1,430,146	1,557,628	701,039	652,703
Different tax rates in other countries	(481,814)	(516,772)	-	-
Adjustments:				
Non-deductible expenses	443,377	632,903	175,081	174,446
Income not subject to taxation	(23,511)	(138,756)	(876,120)	(826,045)
Effect of partial exemption and tax relief	(53,835)	(53,097)	-	-
Share of results of associates	(161,896)	(295,171)	-	-
Share of results of joint venture	(26,239)	(3,291)	-	-
(Over)/Under provision of income tax expense in prior financial year	(246,973)	(109,024)	168	(9,495)
Deferred tax asset not recognised	34,314	31,955	-	-
Income tax expense recognised in the statements of income	913,569	1,106,375	168	(8,391)

32. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021 RM	2020 RM
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share	5,043,544	5,383,306
	Number of shares	
	2021	**2020**
Weighted average number of ordinary shares for basic and diluted earnings per share computation	108,000,000	108,000,000
	Sen per share	
	2021	**2020**
Basic and diluted earnings per share for profit for the financial year (sen per share)	5	5

The Group has no dilutive potential ordinary share in issue as at 31 December 2021 and 31 December 2020 and therefore the diluted earnings per share are the same.

Notes to the Financial Statements

- 31 December 2021 -

33. RELATED PARTY TRANSACTIONS

(a) Sale and Purchase of Goods and Services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms and conditions mutually agreed between the parties during the financial year:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Income)/ Expense:				
Dividend income from:				
- subsidiary	-	-	(1,525,500)	(1,462,656)
- associate	-	-	(2,125,000)	(1,436,500)
- joint venture	-	-	-	(121,889)
Sale of goods and services to associates	-	(141,692)	-	-
Purchase of goods from associate	47,524	-	-	-
Commission expense paid to joint venture	461,707	196,597	-	-
Expenses reimbursed to an associate	14,045	123,591	-	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 and 31 December 2020 are disclosed in Notes 12 and 18.

(b) Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company:				
Salaries and other emoluments	301,713	291,127	36,000	36,000
Fees	104,000	104,000	104,000	104,000
Bonus	30,203	38,560	-	-
Defined contribution plan	47,489	47,802	-	-
Insurance effected to indemnify directors	12,730	10,610	12,730	10,610
	496,135	492,099	152,730	150,610
Directors of the Subsidiaries:				
Salaries and other emoluments	559,647	534,735	-	-
Fees	-	-	-	-
Bonus	72,265	86,885	-	-
Defined contribution plan	52,121	52,345	-	-
	684,033	673,965	-	-
Key Management Personnel:				
Salaries and other emoluments	1,441,768	1,400,023	-	-
Bonus	170,991	223,280	-	-
Defined contribution plan	180,600	178,639	-	-
	1,793,359	1,801,942	-	-
Total Directors and Key Management Personnel Remuneration	2,973,527	2,968,006	152,730	150,610
Directors	1,180,168	1,166,064	152,730	150,610
Key Management Personnel	1,793,359	1,801,942	-	-
	2,973,527	2,968,006	152,730	150,610

Notes to the Financial Statements

- 31 December 2021 -

34. COMMITMENTS

(a) Capital Commitments

Capital expenditure as at the reporting date is as follows:

	Group 2021 RM	Group 2020 RM
Capital expenditure		
Approved and contracted for: Renovation work	-	50,031

(b) Operating Lease Commitments for Short-Term Lease - Lessee

The Group has entered into commercial lease on certain leases on office equipment and certain properties. These leases have an average tenure of one (1) year (2020: one (1) year) with no renewal option or contingent rent provision included in the contracts. There are no restrictions place upon the Group by entering into the leases.

Future minimum lease payable under short-term operating leases at the reporting date but not recognised as liabilities are as follows:

	Group 2021 RM	Group 2020 RM
Not later than one (1) year	78,108	87,083

(c) Operating Lease Commitments - Lessor

The Group has entered into commercial property leases on one of its properties. This non-cancellable lease has remaining lease term of two years with no renewal option included in the contract.

Future minimum rentals receivables under non-cancellable operating leases at the reporting date are as follows:

	Group 2021 RM	Group 2020 RM
Not later than one (1) year	876,735	1,226,153
Later than one (1) year but not later than five (5) years	18,778	264,719
	895,513	1,490,872

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group does not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amounts of fixed deposits and cash and bank balances and trade and other receivables, represent the Group's maximum exposure to credit risk.

Deposits with licensed banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Notes to the Financial Statements

- 31 December 2021 -

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit Risk (Cont'd)

Trade Receivables

An impairment analysis is performed at each reporting date using the simplified approach to measure expected credit losses. The provision is based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12 and Note 13 respectively.

Information about the credit risk exposure and expected credit loss movement on the Group's trade receivables and contract assets are disclosed in Note 12 and Note 13 respectively.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

Trade Receivables

	Group			
	2021		2020	
	RM	% of total	RM	% of total
By Country:				
Malaysia	77,543	1%	423,727	4%
Singapore	4,821,797	35%	4,336,839	44%
Philippines	551,055	4%	584,014	6%
Indonesia	2,379,318	17%	2,898,561	29%
Brunei	980,044	7%	102,172	1%
Thailand	4,065,339	30%	140,041	1%
Vietnam	750,601	5%	1,339,780	14%
Others	131,462	1%	7,592	1%
Total trade receivables	13,757,159	100%	9,832,726	100%

(b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to mitigate the effects of fluctuations in cash flows.

Analysis of Financial Instruments by Remaining Contractual Maturities

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

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than (5) years RM	Total RM
At 31 December 2021				
Group				
Financial Assets:				
Trade and other receivables	14,218,084	-	-	14,218,084
Dividend receivables	2,125,000	-	-	2,125,000
Cash and bank balances	50,841,797	-	-	50,841,797
Total undiscounted assets	67,184,881	-	-	67,184,881

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Analysis of Financial Instruments by Remaining Contractual Maturities (Cont'd)

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than (5) years RM	Total RM
At 31 December 2021				
Financial Liabilities:				
Trade and other payables	7,297,913	-	-	7,297,913
Lease liabilities	239,579	912,348	2,158,790	3,310,717
Retirement benefit obligation	-	-	319,813	319,813
Total undiscounted liabilities	7,537,492	912,348	2,478,603	10,928,443
Total net undiscounted financial assets/(liabilities)	59,647,389	(912,348)	(2,478,603)	56,256,438
Company				
Financial Assets:				
Trade and other receivables	7,605	-	-	7,605
Dividend receivables	2,125,000	-	-	2,125,000
Cash and bank balances	2,019,438	-	-	2,019,438
Total undiscounted assets	4,152,043	-	-	4,152,043
Financial Liabilities:				
Trade and other payables	168,377	-	-	168,377
Total undiscounted liabilities	168,377	-	-	168,377
Total net undiscounted financial assets	3,983,666	-	-	3,983,666
At 31 December 2020				
Group				
Financial Assets:				
Trade and other receivables	10,347,738	-	-	10,347,738
Dividend receivables	1,436,500	-	-	1,436,500
Cash and bank balances	47,522,613	-	-	47,522,613
Total undiscounted assets	59,306,851	-	-	59,306,851
Financial Liabilities:				
Trade and other payables	7,158,394	-	-	7,158,394
Lease liabilities	208,196	941,419	2,310,078	3,459,693
Obligations under hire purchase	4,031	-	-	4,031
Retirement benefit obligation	-	-	363,569	363,569
Total undiscounted liabilities	7,370,621	941,419	2,673,647	10,985,687
Total net undiscounted financial assets/(liabilities)	51,936,230	(941,419)	(2,673,647)	48,321,164
Company				
Financial Assets:				
Trade and other receivables	7,605	-	-	7,605
Dividend receivables	2,899,156	-	-	2,899,156
Cash and bank balances	543,647	-	-	543,647
Total undiscounted assets	3,450,408	-	-	3,450,408
Financial Liabilities:				
Trade and other payables	222,598	-	-	222,598
Total undiscounted liabilities	222,598	-	-	222,598
Total net undiscounted financial assets	3,227,810	-	-	3,227,810

Notes to the Financial Statements

- 31 December 2021 -

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Group

Changes in liabilities arising from financing activities	1 January 2021	Additions	Accretion of Interest on Lease Liabilities	Exchange Difference	Cashflow	Other	31 December 2021
Current obligations under hire purchase	3,947	-	-	-	(3,947)	-	-
Non-current obligations under hire purchase	-	-	-	-	-	-	-
Current lease liabilities	122,164	-	86,652	33,695	(199,016)	113,184	156,679
Non-current lease liabilities	2,534,967	-	-	-	-	(113,184)	2,421,783
Total liabilities from financing activities	2,661,078	-	86,652	33,695	(202,963)	-	2,578,462

Group

Changes in liabilities arising from financing activities	1 January 2020	Additions	Accretion of Interest on Lease Liabilities	Exchange Difference	Cashflow	Other	31 December 2020
Current obligations under hire purchase	18,857	-	-	-	(19,057)	4,147	3,947
Non-current obligations under hire purchase	4,147	-	-	-	-	(4,147)	-
Current lease liabilities	102,985	40,481	85,589	-	(229,055)	122,164	122,164
Non-current lease liabilities	2,461,218	198,310	-	(2,397)	-	(122,164)	2,534,967
Total liabilities from financing activities	2,587,207	238,791	85,589	(2,397)	(248,112)	-	2,661,078

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under hire purchase to current due to the passage of time. The Group classifies interest paid as cash flows from operating activities.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollar ("USD"), Japanese Yen ("JPY") and EURO Dollar ("EURO").

During the financial year, the Group's entire sales (2020: entire sales) are denominated in foreign currencies whilst the entire costs (2020: entire costs) are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes as disclosed in Note 14.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as currency positions are considered to be long-term in nature.

Notes to the Financial Statements

- 31 December 2021 -

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in the USD, JPY and EURO exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2021 RM Profit for the year	2020 RM Profit for the year
USD/SGD	- strengthened 5% (2020: 5%)	478,621	350,332
	- weakened 5% (2020: 5%)	(478,621)	(350,332)
JPY/SGD	- strengthened 5% (2020: 5%)	139,236	122,463
	- weakened 5% (2020: 5%)	(139,236)	(122,463)
EURO/SGD	- strengthened 5% (2020: 5%)	15,422	67,191
	- weakened 5% (2020: 5%)	(15,422)	(67,191)

The Group did not manage its foreign currency risk by hedging transactions and thus did not have exposure to equity on foreign currency risk.

The net unhedged financial assets and liabilities of the Group as at 31 December 2021 that are transacted in their functional currencies other than RM, SGD, PHP, THB and IDR are as follows:

	Cash and Bank Balances RM	Receivables RM	Payables RM	Total RM
Group				
At 31 December 2021				
United States Dollars	12,165,082	933,894	(3,526,555)	9,572,421
Japanese Yen	2,803,953	17,370	(36,605)	2,784,718
Euro Dollars	1,359,149	19,151	(1,069,862)	308,438
	16,328,184	970,415	(4,633,022)	12,665,577
At 31 December 2020				
United States Dollars	7,610,688	2,531,383	(3,135,426)	7,006,645
Japanese Yen	2,971,067	-	(521,807)	2,449,260
Euro Dollars	776,364	981,375	(413,928)	1,343,811
	11,358,119	3,512,758	(4,071,161)	10,799,716

36. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The Group do not have financial assets and liabilities that are measured at fair value on a non-recurring basis in the statement of financial position after initial recognition.

Notes to the Financial Statements

- 31 December 2021 -

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Fair Value Hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company does not have any financial instruments classified as Level 1 to Level 3 as at 31 December 2021 and 31 December 2020.

Financial Instruments whose Carrying Amounts Approximate Fair Value

Management has determined that the carrying amounts of cash and short term deposits, receivables and payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(b) Assets and Liabilities not Measured at Fair Value, for which Fair Value is Disclosed

	Group			
	Carrying amount RM	Fair Value Level 2 RM	Fair Value Level 3 RM	Fair value RM
At 31 December 2021				
Asset				
Investment properties	6,133,591	12,347,600	3,805,618	16,153,218
Liabilities				
Hire purchase payable	-	-	-	-
At 31 December 2020				
Asset				
Investment properties	6,276,854	12,445,140	3,439,285	15,884,425
Liabilities				
Hire purchase payable	3,947	3,500	-	3,500

The fair value of the investment properties was substantially arrived at via valuations performed by certified external valuers based on the following valuation techniques depending on the location and types of properties:

(a) Comparison method

The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions using input of transacted market price per square foot. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustments factors, are categorised as Level 2 in the fair value hierarchy.

Notes to the Financial Statements

- 31 December 2021 -

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial Instruments whose Carrying Amounts Approximate Fair Value (Cont'd)

(b) Assets and Liabilities not Measured at Fair Value, for which Fair Value is Disclosed (Cont'd)

(b) Comparison/Depreciable Replacement Cost method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands using input of transacted market price per square foot in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar buildings in terms of size, construction, finishes, contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

The fair value of hire purchase liabilities and interest-bearing loans and borrowings with fixed interest rates are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the end of the reporting period.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure.

The Group is not subjected to any externally imposed capital requirement except as disclosed in Note 16(d).

The Group monitor its capital by minimising external borrowing and funds its operation mainly through internally generated funds.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital. The Group's policy is to keep the gearing ratio at a manageable level. The Group includes finance lease and borrowings within debt. Capital includes equity attributable to the owners of the parent.

		Group	
	Note	2021 RM	2020 RM
Hire purchase payable	20	-	3,947
Lease liabilities	22	2,578,462	2,657,131
		2,578,462	2,661,078
Equity attributable to the nowners of the parents		114,857,805	111,861,645
Gearing ratio		2.24%	2.38%

Notes to the Financial Statements

- 31 December 2021 -

38. SEGMENT INFORMATION

For management purposes, the Group is organised into geographical segments. The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(a) Primary Reporting Segmental - Geographical Segments

The Group operates its business in five principal geographical areas of the world and is principally involved in sales of rotating equipment and spare parts and provision of maintenance and overhaul services.

(b) Secondary Reporting Segmental - Business Segments

As the Group is principally involved in sales of rotating equipment and spare parts and provision of maintenance and overhaul services, segment reporting by business segment is not prepared.

Adjustments and Eliminations

(a) Inter-segment revenues are eliminated upon consolidation and reflected in the 'Consolidation Adjustments' column.
(b) Tax payables, tax recoverable and deferred taxes assets and liabilities are not allocated to those segments as they are managed on a group basis.
(c) Capital expenditure consists of additions of property, plant and equipment and investment properties.

	Malaysia RM	Singapore RM	Indonesia RM	Philippines RM	Thailand RM	Consolidation adjustments RM	Group RM
At 31 December 2021							
Revenue							
External sales	-	33,000,507	2,729,571	415,766	6,582,046	-	42,727,890
Inter-segment sales	-	2,501,549	-	-	-	(2,501,549)	-
Total revenue	-	35,502,056	2,729,571	415,766	6,582,046	(2,501,549)	42,727,890
Results							
Profit/(Loss) from operations	(729,504)	4,083,601	853,828	(361,249)	1,153,889	248,116	5,248,681
Finance costs	-	(82,393)	-	(4,321)	-	-	(86,714)
Share of profit of associates						642,622	642,622
Share of profit of joint venture						154,351	154,351
Profit before taxation							5,958,940
Taxation							(913,569)
Profit for the financial year							5,045,371
Profit attributable to:							
Owners of the parent							5,043,544
Non-controlling interests							1,827
							5,045,371

Notes to the Financial Statements

- 31 December 2021 -

38. SEGMENT INFORMATION (CONT'D)

	Malaysia RM	Singapore RM	Indonesia RM	Philippines RM	Thailand RM	Consolidation adjustments RM	Group RM
At 31 December 2021 (Cont'd)							
Assets							
Segment assets	57,420,793	102,700,978	8,216,854	950,786	20,935,816	(61,414,924)	128,810,303
Unallocated assets	14,492	117,900	110,526	4,402	-	-	247,320
Total assets							129,057,623
Liabilities							
Segment liabilities	168,376	14,402,200	652,700	2,277,668	3,814,047	(8,354,212)	12,960,779
Unallocated liabilities	-	938,937	87,308	-	212,794	-	1,239,039
Total liabilities							14,199,818
Other information							
Capital expenditure	-	103,398	-	16,329	3,157	-	122,884
Depreciation of property, plant and equipment	-	816,462	15,911	16,767	47,646	-	896,786
Depreciation of investment properties	-	139,938	116,358	-	-	-	256,296
Depreciation of right-of-use assets	-	1,313,356	-	35,517	-	-	1,348,873
Amortisation of club memberships	-	7,679	-	-	-	-	7,679
Other non-cash expenses	-	812,430	(3,862)	59,789	19,392	-	887,749
At 31 December 2020							
Revenue							
External sales	-	41,895,513	3,177,200	1,253,679	3,086,657	-	49,413,049
Inter-segment sales	-	2,973,451	-	-	-	(2,973,451)	-
Total revenue	-	44,868,964	3,177,200	1,253,679	3,086,657	(2,973,451)	49,413,049
Results							
Profit/(loss) from operations	(722,262)	6,515,487	467,601	(195,225)	307,805	(1,036,330)	5,337,076
Finance costs	-	(85,074)	-	(866)	(336)	-	(86,276)
Share of profit of associates						1,219,956	1,219,956
Share of profit of joint venture						19,360	19,360
Profit before taxation							6,490,116
Taxation							(1,106,375)
Profit for the financial year							5,383,741
Profit attributable to:							
Owners of the parent							5,383,306
Non-controlling interests							435
							5,383,741

Notes to the Financial Statements

- 31 December 2021 -

38. SEGMENT INFORMATION (CONT'D)

	Malaysia RM	Singapore RM	Indonesia RM	Philippines RM	Thailand RM	Consolidation adjustments RM	Group RM
At 31 December 2020 (Cont'd)							
Assets							
Segment assets	56,728,679	102,469,670	7,392,105	1,149,707	17,458,544	(61,310,888)	123,887,817
Unallocated assets	9,520	42,015	108,674	-	81,902	-	242,111
Total assets							124,129,928
Liabilities							
Segment liabilities	222,598	16,838,309	842,261	2,155,216	320,488	(9,673,922)	10,704,950
Unallocated liabilities	-	1,461,913	30,694	-	70,726	-	1,563,333
Total liabilities							12,268,283
Other information							
Capital expenditure	-	574,238	-	10,135	13,586	-	597,959
Depreciation of property, plant and equipment	486	1,052,875	179,476	41,501	49,541	-	1,323,879
Depreciation of investment properties	-	138,022	115,857	-	-	-	253,879
Depreciation of right-of-use assets	-	1,295,359	-	7,957	-	-	1,303,316
Amortisation of club memberships	-	7,680	-	-	-	-	7,680
Other non-cash expenses	5,680	47,198	4,877	9,636	14,322	-	81,713

39. DIVIDENDS

	Dividend in respect of year 2021 RM	Dividend in respect of year 2020 RM	Dividend recognised in year 2021 RM	Dividend recognised in year 2020 RM
Group and Company				
Recognised during the financial year				
In respect of financial year ended 31 December 2019 - Final single-tier dividend (1 sen) on 108,000,000 ordinary shares paid on 24 September 2020	-	-	-	1,080,000
In respect of financial year ended 31 December 2020 - Interim single-tier dividend (2 sen) on 108,000,000 ordinary shares paid on 22 June 2021	-	2,160,000	2,160,000	-
	-	2,160,000	2,160,000	1,080,000

39. DIVIDENDS (CONT'D)

	Group and Company	
	2021	2020
	RM	RM
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final single-tier dividend for 2020: 2 sen per ordinary share	-	2,160,000
- Final single-tier dividend for 2021: 2 sen per ordinary share	2,160,000	-

At the forthcoming Annual General Meeting, a final single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2021, on 108,000,000 ordinary shares, amounting to a dividend payable of RM2,160,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

40. SIGNIFICANT EVENT

The COVID-19 outbreak was declared a pandemic by the World Health Organization since March 2020. Responding to the outbreak, the Governments in the regions in which the Group and the Company operate have implemented various movement controls and restrictions.

With the various movement restrictions currently imposed by many countries and additional restrictions which has been imposed from time to time, the COVID-19 pandemic has significantly disrupted many business operating around the world and the economy of many countries, especially Malaysia and Singapore, are adversely affected. The impact on the business operation of the Group and of the Company has not been a direct consequences of the COVID-19 outbreak, but as a result of the measures taken by the Government of Malaysia and Singapore to contain it.

Subsequent to the announcement of Conditional Movement Control Order ("CMCO") by the Government of Malaysia on 4 May 2020 and Post Circuit Breaker ("PCB") by the Government of Singapore on 2 June 2020, all other business operations have resumed operation subjected to Standard Operating Procedures ("SOP") imposed by the Government of Malaysia and the Government of Singapore respectively.

During the financial year, both the Government of Malaysia and the Government of Singapore have carefully plan an exit strategy that will both help to contain the spread of COVID-19 at a manageable level, but at the same time allow its economic sector to restart. Several measures such as simplifying healthcare protocols, lower quarantine period requirements, and improved community vaccination rate has supported the reopening of economy and borders. Effective 29 November 2021, vaccinated travellers are allowed to travel between Singapore and Malaysia via the highly-anticipated Malaysia-Singapore Vaccinated Travel Lane (VTL) scheme.

The Group and the Company are not affected by the various movement restrictions in the past as the principal activity is considered a supplier of goods and services to those "essential services industries" which is oil and gas and therefore was allowed to operate even during the movement restriction period subjected to SOP prescribed. Subsequent to that, the Group and the Company are able to conduct business under a less restrictive government imposed safety measures. Operationally, the Group do not have restriction in conducting business except comply with safety measures in the premises to prevent close contact. Financially, a wholly owned subsidiary of the Group, Turbo-Mech Asia Pte Ltd has received government assistance on job support scheme, amounting to RM380,178 (2020: RM851,411) during the financial year.

Thus, this has not significantly affected the overall operation and financial performance of the Group and the Company and there is no major direct and indirect impact on the Group's and the Company business, assets and liabilities.

The Directors concluded that the Group and the Company had assessed and recognised the financial impact arising from the COVID-19 pandemic as at the reporting date.

PARTICULARS OF PROPERTIES

No	Location	Description and Existing Use	Tenure	Land Area/ Built-up	Approximate Age of Buildings (years)	Net Book Valued as at 31 December 2021 (RM)
1	**Turbo-Mech Asia Pte. Ltd** 61, Ubi Crecent Ubi Techpark Singapore 408598	4 Storey Landed Terrace Head Office and Warehouse	Leasehold for 60 years expiring on 4 July 2057	4,524 sq. ft/ 11,312 sq. ft	24	5,033,445
2	**Turbo-Mech Asia Pte. Ltd** 22, Joo Koon Circle Singapore 629054	2 Storey Landed Office, and Factory/ Warehouse	Leasehold for 30 years expiring on 30 April 2038	39,505 sq. ft/ 24,973 sq. ft	42	19,000,464
3	**PT Turbo Mech Indonesia** Komplex CBD BSD Ruko Bidex, Blok 1-05 Jl. Pahlawan Seribu BSD City, Serpong-Tangerang 15322 Indonesia	2 Storey Landed Shop House	Leasehold for 25 years expiring on 1 August 2031	807 sq. ft/ 2,421 sq. ft.	15	275,472
4	**PT Turbo Mech Indonesia** Jabeka Techno Park SFB Blok A8F Jl. Techno 5, Desa Pasir Gombong Kecamatan Cikarang utara Jababeka Bekasi 17834 Indonesia	2 Storey Landed Workshop	Leasehold for 25 years expiring on 29 September 2027	10,167 sq ft/ 22,270 sq. ft	19	824,674

ANALYSIS OF SHAREHOLDINGS
AS AT 25 MARCH 2022

Total Number of Issued Shares	:	108,000,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	674

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	10	1.48	152	0.00
100 - 1,000	108	16.02	73,824	0.07
1,001 - 10,000	343	50.89	1,867,100	1.73
10,001 - 100,000	162	24.04	5,369,400	4.97
100,001 - 5,399,999 (*)	48	7.12	39,514,780	36.59
5,400,000 and above (**)	3	0.45	61,174,744	56.64
Total	**674**	**100.00**	**108,000,000**	**100.00**

Notes:
* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2022

	Direct shareholdings		Indirect shareholdings	
Names	No. of Shares	%	No. of Shares	%
Mosgan Holdings Sdn. Bhd.	38,651,124	35.79	21,877,206 (1)	20.26
Gan Kok Ten	20,637,419	19.11	39,890,911 (2)	36.94
Gan Kok Tin	1,239,787	1.15	59,288,543 (2)	54.90
Leong Khai Cheong	2,802,100	2.59	5,631,770 (3)	5.21
Lai Siew Yoong	5,631,770	5.21	2,802,100 (4)	2.59

Notes:
(1) Deemed interested by virtue of Gan Kok Ten's and Gan Kok Tin's shareholdings in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
(2) Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.
(3) Deemed interested by virtue of the shareholding of his spouse pursuant to Section 8(4) of the Companies Act 2016.
(4) Deemed interested by virtue of the shareholding of her spouse pursuant to Section 8(4) of the Companies Act 2016.

LIST OF DIRECTORS' SHAREHOLDINGS
AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 25 MARCH 2022

	Direct shareholdings		Indirect shareholdings	
Names	No. of Shares	%	No. of Shares	%
Gan Kok Ten	20,637,419	19.11	39,890,911 (1)	36.94
Nasaruddin Bin Mohamed Ali	940,876	0.87	-	-
Tam Juat Hong	-	-	-	-
Gordon Yong Lin Fooi	-	-	-	-
Omar Bin Mohamed Said	-	-	-	-
Chan Bee Eie	-	-	1,239,787 (2)	1.15

Notes:
(1) Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.
(2) Deemed interested in the direct shareholding of her spouse, Gan Kok Tin, a substantial shareholder of the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

Analysis of Shareholdings
As at 25 March 2022

LIST OF 30 LARGEST SHAREHOLDERS
AS AT 25 MARCH 2022

No.	Names	Shareholdings	%
1	Mosgan Holdings Sdn. Bhd.	38,651,124	35.79
2	Gan Kok Ten	16,891,850	15.64
3	Lai Siew Yoong	5,631,770	5.21
4	Boo Lee Kiang	4,425,454	4.10
5	Lai Yew Fong	4,011,355	3.71
6	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ching Ching	3,049,800	2.82
7	Salmiah Binti Jantan	2,827,564	2.62
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Leong Khai Cheong	2,782,100	2.58
9	Gan Kok Ten	2,605,782	2.41
10	Loo Kien Seng	2,435,020	2.25
11	Lim Yoke Sim	2,307,200	2.14
12	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Kok Ten	2,279,574	2.11
13	Tay Hwee Leck	1,126,524	1.04
14	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Sai Mun	989,300	0.92
15	Leong Choong Wah	911,329	0.84
16	Nasaruddin Bin Mohamed Ali	840,876	0.78
17	Loke Kah Kheon	603,200	0.56
18	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Hai Toh	550,300	0.51
19	Loh Chai Kiam	526,300	0.49
20	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Sai Mun	521,100	0.48
21	Kok Choi Wah	500,000	0.46
22	Ong Chiow Hock	489,800	0.45
23	Mohd Radzuan Bin AB Halim	411,100	0.38
24	Yap Kim Loong	401,600	0.37
25	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khor Shen Chieh	363,300	0.34
26	Wong Siew Ting	268,002	0.25
27	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Hew	249,500	0.23
28	Chau Mooi Fei	248,800	0.23
29	Toh Ying Choo	237,000	0.22
30	Lim Eng Hock	220,000	0.20

PROXY FORM

TURBO-MECH
BERHAD
(Registration No. 200901020166 (863263-D))
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

*I/We, ________________________ (NRIC No. /Passport No. /Registration No. ________________)
of ____ (full address)
being a member of **TURBO-MECH BERHAD**, hereby appoint ________________________
(NRIC No. /Passport No. ________________) of ________________________ (full address)
or failing him/her, ________________________ (NRIC No. /Passport No. ________________)
of ____ (full address)
or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Thirteenth Annual General Meeting of Turbo-Mech Berhad (the "Company") to be held at Tiara Rini Ballroom, The Royale Chulan The Curve Hotel, 6 Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 23 May 2022 at 3:00 p.m. or at any adjournment thereof, on the following resolutions referred to in the notice of the Thirteenth Annual General Meeting.

My/Our proxy is to vote as indicated below:-

	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To approve a final single-tier dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2021.		
Ordinary Resolution 2	To re-elect Mr Gan Kok Ten who retires by rotation pursuant to Clause 101 of the Constitution of the Company.		
Ordinary Resolution 3	To re-elect Mr Tam Juat Hong who retires by rotation pursuant to Clause 101 of the Constitution of the Company.		
Ordinary Resolution 4	To re-elect Mr Gordon Yong Lin Fooi who retires pursuant to Clause 104 of the Constitution of the Company.		
Ordinary Resolution 5	To approve the Directors' fees and benefits of up to RM160,000 for the period from 24 May 2022 until the next Annual General Meeting.		
Ordinary Resolution 6	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
Ordinary Resolution 9	Authority for Mr Tam Juat Hong to continue in office as Indpendent Director of the Company.		

(Mark either box if you wish to direct the proxy how to vote. If you do not do so, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently, this should be specified.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting" and insert the name(s) of the person(s) desired.
* *Delete if not applicable*

Dated this __________ day of ______________, 2022.

____
Signature of Shareholder or Common Seal
Contact No.:

^ Manner of execution:-

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (if any) and executed by:-
  (i) at least two (2) authorised officers, of whom one shall be a director; or
  (ii) any Director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:-

1. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
4. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the registered office before the commencement of this Meeting.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on ***12 May 2022*** (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his behalf..
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Thirteenth Annual General Meeting will be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

Please fold here

STAMP

Turbo-Mech Berhad

c/o Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here

www.turbomech.com.my

TURBO-MECH BERHAD
(Registration No. 200901020166 (863263-D))

39-5, Jalan PJU 1/41, Block D1, Dataran Prima,
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Tel : 603-7805 5592   Fax : 603-7804 7801