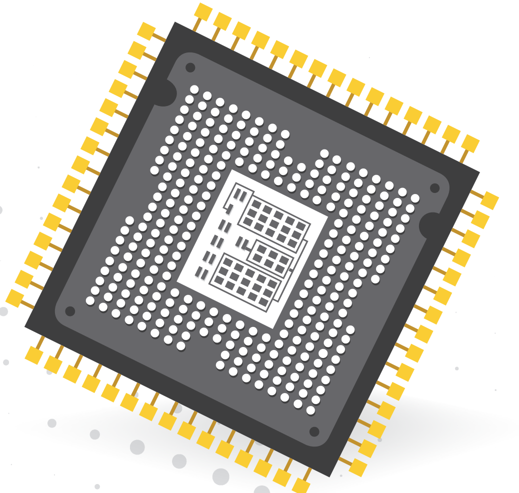
ANNUAL REPORT 2021



FRONTKEN

Frontken Corporation Berhad 200401012517 (651020-T)

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

NG WAI PIN
Chairman / Chief Executive Officer

DR TAY KIANG MENG
Executive Director / Chief Scientist

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

NG CHEE WHYE
Independent Non-Executive Director

GERALD CHIU YOONG CHIAN
Non-Independent Non-Executive Director

KOH HUEY MIN
Independent Non-Executive Director

AUDIT COMMITTEE

Ng Chee Whye *(Chairman)*
Gerald Chiu Yoong Chian
Koh Huey Min

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

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

REGISTERED OFFICE

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Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (03) 2166 9718
Fax : (03) 2166 9728

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Pusat Dagangan Phileo Damansara 1
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Tel : (03) 7968 3312
Fax : (03) 7968 3316
Email : ir@frontken.com
Website : www.frontken.com

INVESTOR RELATIONS

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

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2783 9299
Fax : (03) 2783 9222

AUDITORS

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

STOCK EXCHANGE LISTING

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

GROUP CORPORATE STRUCTURE

As At 22 March 2022

FRONTKEN

Frontken Corporation Berhad
200401012517 (651020-T)

- 100% **FRONTKEN MALAYSIA SDN BHD**
  - **100%** Frontken (East Malaysia) Sdn Bhd
  - **100%** Frontken (Johor) Sdn Bhd
- 100% **FRONTKEN (SINGAPORE) PTE LTD**
  - **99.9%** Frontken Philippines Inc.
- 95% **PT FRONTKEN INDONESIA**
- 92.5% **ARES GREEN TECHNOLOGY CORPORATION**
- 45% **TTES FRONTKEN INTEGRATED SERVICES SDN BHD**

OUR VISION, MISSION AND PROFILE

OUR VISION

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

OUR MISSION

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

OUR PROFILE

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

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

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

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

To date, the Group has facilities in Singapore, Malaysia, Taiwan, the Philippines, and Indonesia with 1180 employees.

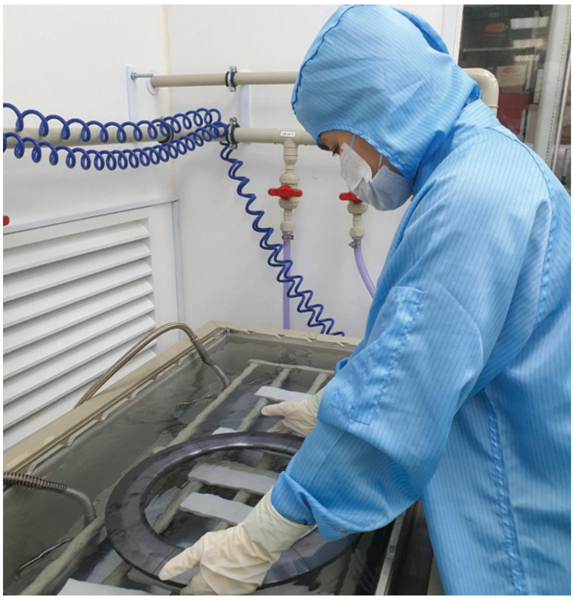
OUR SERVICES

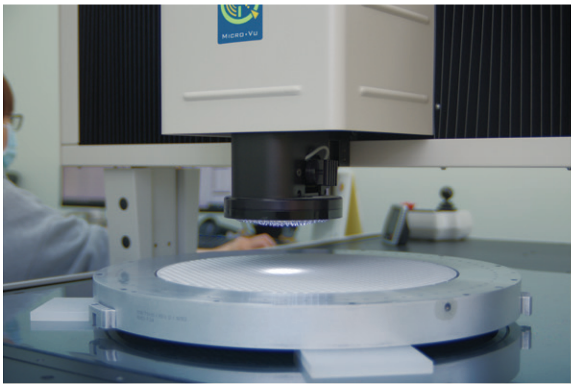
SEMICONDUCTOR

ADVANCED PRECISION CLEANING

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

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





ADVANCED SURFACE TREATMENT & SPECIALTY COATING

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

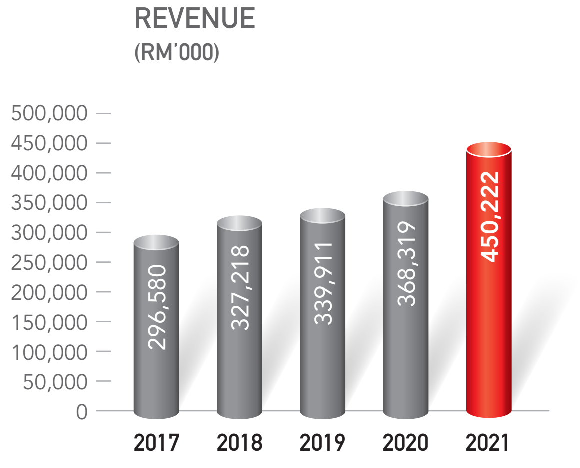
Protection, lifetime extension, performance and efficiency improvements via advance surface treatment technology such as cold build up treatment, plating, plating & conversion coating, and specialised plasma transferred arc welding.

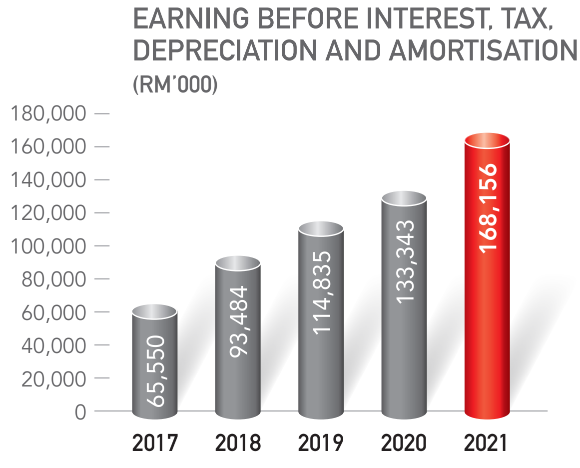
ENGINEERING

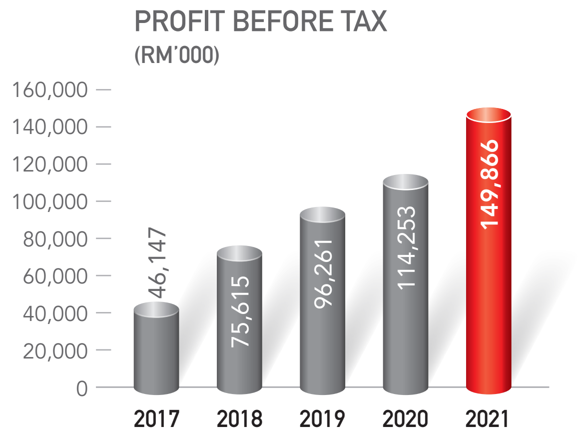
ROTATING EQUIPMENT

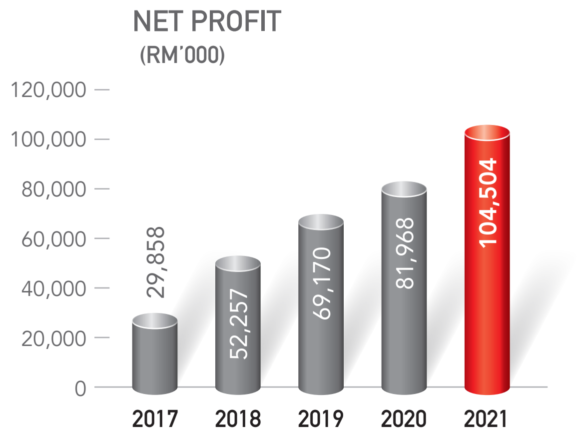
Equipment maintenance and overhaul, mechanical fitting & assembly, dynamic balancing, heat treatment, on site machining, metal stitching, and laser alignment.

FINANCIAL HIGHLIGHTS









	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	**2021** RM'000
SEGMENTAL REVENUE – BY CUSTOMER LOCATION					
Singapore	46,616	54,262	53,866	46,586	48,278
Malaysia	51,054	58,714	65,873	51,417	63,227
Taiwan	168,479	182,886	186,018	235,121	303,561
Others	30,431	31,356	34,154	35,195	35,156
	296,580	327,218	339,911	368,319	450,222
SEGMENTAL REVENUE – BY INDUSTRY					
Semiconductor	235,017	261,621	265,975	311,374	378,685
Oil & Gas	41,132	46,424	57,435	42,451	50,419
General*	20,431	19,173	16,501	14,494	21,118
	296,580	327,218	339,911	368,319	450,222

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

FINANCIAL HIGHLIGHTS
(CONT'D)

SUMMARISED GROUP FINANCIAL POSITION AS AT 31 DECEMBER (RM'000)	2017	2018	2019	2020	**2021**
Non-Current Assets	188,706	177,493	181,523	175,361	257,937
Current Assets	242,385	277,567	334,202	442,910	460,699
Total Assets	431,091	455,060	515,725	618,271	718,636
Share Capital	118,925	118,925	118,925	118,925	118,441
Reserves	162,675	206,115	258,047	321,070	382,415
Shareholders' Equity	281,600	325,040	376,972	439,995	500,856
Non-Controlling Interests	24,373	19,604	21,776	27,039	34,225
Total Equity	305,973	344,644	398,748	467,034	535,081
Non-Current Liabilities	16,061	12,348	15,053	12,826	22,295
Current Liabilities	109,057	98,068	101,924	138,411	161,260
Total Liabilities	125,118	110,416	116,977	151,237	183,555
Total Equity and Liabilities	431,091	455,060	515,725	618,271	718,636

SUMMARISED GROUP CASH FLOWS YEAR ENDED 31 DECEMBER (RM'000)	2017	2018	2019	2020	**2021**
Net Cash Flows From Operating Activities	69,029	63,322	114,901	119,733	138,775
Net Cash Flows For Investing Activities	(32,078)	(7,142)	(12,113)	(11,900)	(86,212)
Net Cash Flows For Financing Activities	(8,389)	(27,786)	(33,711)	(33,949)	(61,084)
Net Increase/(Decrease) in Cash and Cash Equivalents	28,562	28,394	69,077	73,884	(8,521)
Effect of exchange differences	(6,377)	293	1,652	6,248	11,079
Cash and Cash Equivalents at Beginning of Year	98,068	120,253	148,940	219,669	299,801
Cash and Cash Equivalents at End of Year	120,253	148,940	219,669	299,801	302,359

FINANCIAL ANALYSIS	2017	2018	2019	2020	**2021**
Turnover growth	13.3%	10.3%	3.9%	8.4%	22.2%
Profit Before Tax Growth	38.4%	63.9%	27.3%	18.7%	31.2%
Net Profit Growth	49.0%	75.0%	32.4%	18.5%	27.5%
Pre-tax Profit Margin	15.6%	23.1%	28.3%	31.0%	33.3%
Net Profit Margin	10.1%	16.0%	20.3%	22.3%	23.2%
Return on Average Shareholders' Equity	11.0%	17.2%	19.7%	20.1%	22.2%
Return on Average Total Assets	7.1%	11.8%	14.4%	14.5%	15.6%
Earnings Per Share (Sen)					
- Basic	* 1.9	* 3.3	* 4.4	* 5.2	6.7
- Diluted	^ 1.9	^ 3.3	^ 4.4	^ 5.2	# 6.7

* The earning per share have been adjusted to reflect the bonus issue of two for every one existing ordinary share which was completed on 30 April 2021.

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

\# The potential conversion of warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial period and hence, the diluted earnings per share is equal to the basic earnings per share.

CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

On behalf of the Board of Directors, I'm pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year 2021 ("FY2021"). As part of this Annual Report, we have also included the Management Discussion and Analysis to provide our shareholders with a more insightful and informative details of the Group's operation and performance.

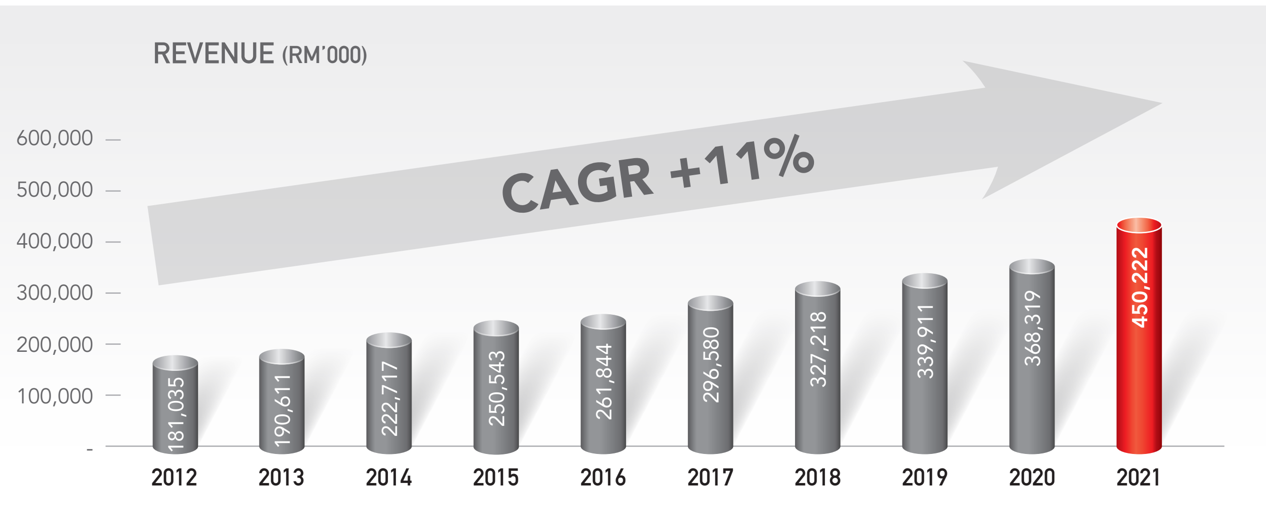
The year 2021 was both challenging and rewarding at the same time. Despite various challenges, the Group's revenue and earnings were at an all-time high with growth across all our businesses. This speaks volume about the strength and resilience of the Group and the continuous extraordinary efforts we have put in over the years.

MANAGEMENT DISCUSSION AND ANALYSIS

A RECORD-BREAKING YEAR

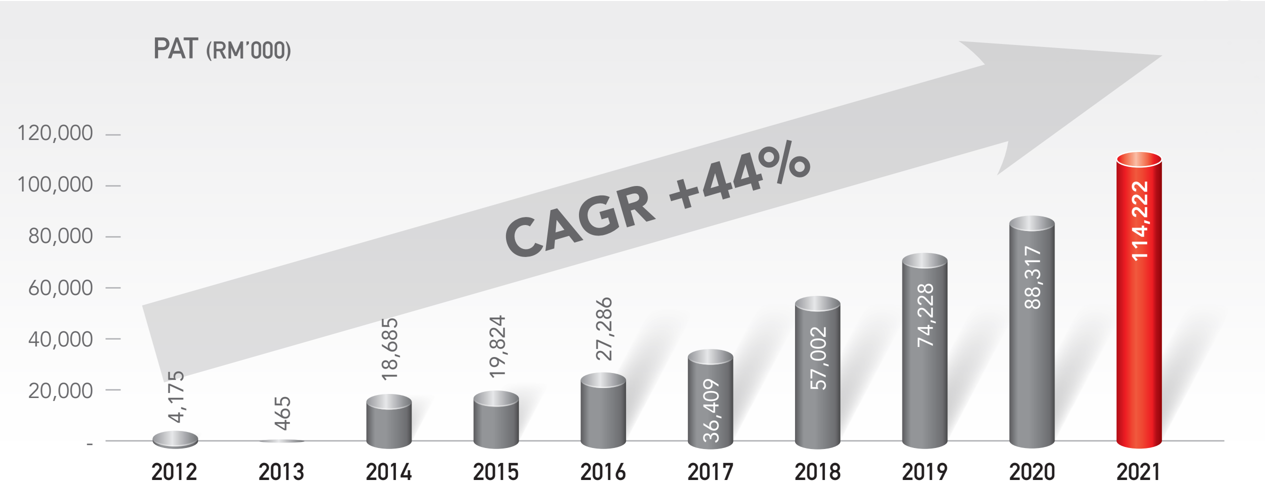
Frontken achieved another record-breaking year with a revenue of RM450.2 million, a double-digit growth of 22.2% compared to the same period a year ago due to improved contributions from nearly all our subsidiaries as a result of strong demand from the Group's global customers in the semiconductor and oil & gas industries. The Group's profit after tax ("PAT") of RM114.2 million was also our highest, with 29.3% increase compared to RM88.3 million a year ago. Profit before tax for the year was at RM149.9 million, a 31.2% increase from the preceding financial year.

The improved bottom line was attributable to the Group's higher revenue, strict cost management and continual enhancement of processes leading to better production efficiency. The Group continued to generate a positive cash flow of RM138.8 million from its business operations. As at 31 December 2021, the Group's cash and cash equivalents remained strong at RM302.4 million despite the higher capital investment. The Group's capital expenditure for the year for property, plant and equipment was at RM82.8 million, all of which were internally funded.



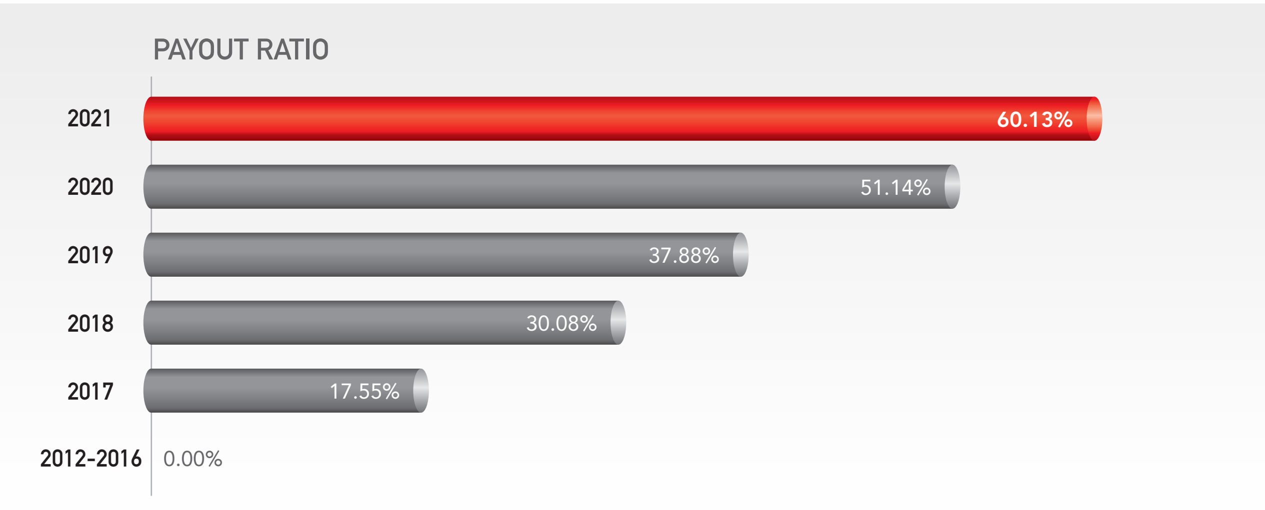
Revenue and Revenue CAGR chart from FY2012 to FY2021

CHAIRMAN'S MESSAGE
(CONT'D)



PAT and PAT CAGR chart from FY2012 to FY2021

On the back of our strong earnings growth, the Company paid a single interim dividend of 1.5 sen per share and a second interim dividend of 2.5 sen per share bringing the total dividend to 4.0 sen per share for FY2021. The total payout amounted to RM62.8 million representing 60.1% of the Group's total net earnings in FY2021. This is an increase of 27.5% total dividend payout compared to the same period a year ago. The Company will continue with its sustainable dividend payments to its shareholders after taking into consideration a number of factors such as earnings, financial conditions, capital commitments, acquisition related activities and reserves, amongst others.



Dividend payout against net earnings ratio chart from FY2012 to FY2021

The Company also rewarded its shareholders with a bonus issue of shares and warrants on the basis of 1 bonus share and 1 bonus warrant for every 2 shares held sometime in April of 2021. As at the date of completion, the Group issued shares stood at 1,580,152,675.

Every year, we set new business goals and priorities for the year ahead. In FY2021, we held our annual budget meetings where we made plans and put in place short-term and long-term targets, discussed strategic measures including business continuity plan and crisis management, amongst others. We follow up with regular reviews, analyse our progress and resolve promptly any issues that may arise throughout the year. We believe customers' positive experience are crucial and ensure that our works are of high quality and are up to or exceeding their expectation.

THE "NEW NORMAL"

At this point, it has been slightly over two years from the first COVID-19 outbreak. We drew on the lessons from the past years and find areas where we can continue to improve.

In our health and safety control, we continue to adhere strictly to the "Guidelines on Workplace Prevention and Control of COVID-19". This includes safe work environment that protects our employees and associates alike from risks connected to COVID-19, including exposure and transmission. While vaccine may significantly reduce the threat of fatality caused by COVID-19, we need to continue to keep ourselves safe and maintain strict COVID-19 prevention measures such as self-testing requirements, making sure our facilities are sufficiently clean, have adequate ventilation, and reduce risk of transmission by implementing "rotation basis" to limit the number of non-production employees at work. We endeavour to ensure that the wellbeing of our employees is protected as we return to work and adjust to new realities and challenges presented by the pandemic.

From the business perspective, we were able to quickly navigate and adapt in response to the rapidly changing market environment through our dynamic thinking and actions from the onset of the pandemic. We continue to adapt to the "new business environment" where everyone works together to minimise the impact from COVID-19 and limit disruptions to our operations and supply chains, where possible. Though many things have changed since then, our commitment and dedication to our customers remained the same, which is providing excellent support and services to them.

HUMAN CAPITAL

In FY2021, we have managed to not only grow the number of our headcounts but also expanded the range of our skillsets. We believe that a highly skilled and motivated employee is vital for our business to run successfully. We continued to encourage our employees to acquire new knowledge through continuous learning to enable everyone to stay on top of the industry trends and to remain competitive in our business. Various trainings, workshops and networking activities were conducted remotely where our employees can continue to have opportunities to learn and engage even in different learning environment. Amongst the topics covered were upskilling and reskilling allowing our employees to maximise their full potential, soft skills ability to effectively communicate and think critically, product trainings to allow everyone involved to fully understand and constantly improve their knowledge and capability.

We are committed to not only hire, manage and develop but retain our skilled and talented employees. During the year, we made adjustments to our employee's compensation plans according to their contributions and KPI's achievement and ensure that all our employees share in the success of our Group by providing them with the appropriate incentives and rewards.

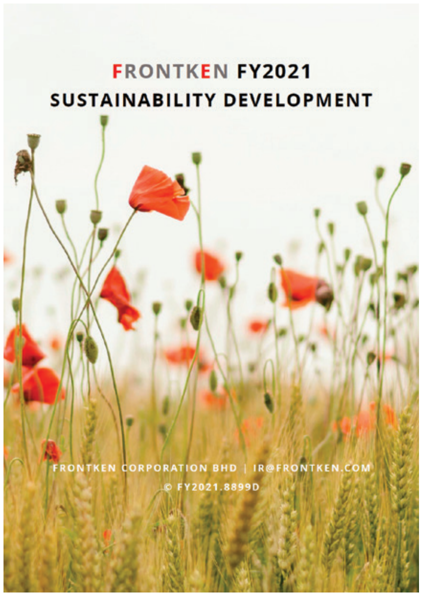
CHAIRMAN'S MESSAGE
(CONT'D)

SUSTAINABILITY FOR A BETTER TOMORROW

Environmental, Social, and Governance ("ESG") and Sustainability are our core priorities and play an integral part in our business. We take very seriously our responsibility to our shareholders, and our duty to build a strong, resilient, profitable and sustainable business.

E - We are aware of the environmental risks created by business activities and the potential impacts on our air, land, water, ecosystems and health. Our priority have always been to minimise any of these negative impacts by preventing pollution and reducing emissions and climate risk. These include lowering costs and increasing profitability through energy, water and other efficiencies. For example, even though our capacity has increased and processes continue to be more complex, our unit production average power usage was reduced to 9.22 kWh (FY2020 = 10.16 kWh) per part produced; our unit production average water usage was maintained at 0.11 cubic meter per part (FY2020 = 0.12 cubic metre per part). In addition, our unit production average waste produced was maintained at 0.4 kg (FY2020 = 0.4 kg) per part.

S - On the social aspect, we have been actively participating in social activities such as promoting health and safety, protecting our employees, human rights, giving back to the society, diversity and inclusion. We begin from within our organisation where we work together as one team while building trust and relationship amongst our employees, customers, suppliers and communities. We believe by treating our employees fairly and respectfully promote productivity and good morale. This in turn translates into reduced turnover and loyalty to the Company. For example, we recorded an employee retention rate of 98.49%, achieving 104% of our target goal. Other aspects that we will continue to work at including making positive changes through our "Corporate Social Responsibilities Project" to achieve a sustainable social impact.



Frontken Sustainability Development Full Report FY2021 can be downloaded on our website at www.frontken.com

G - From the governance perspective, we ensure that every decision made was in the interest of all our stakeholders and that our business continue to be managed in a way that was consistent with the policies that we have put in place. These policies include Code of Conduct, Whistle Blowing Policy and Anti-Bribery & Corruption Policy, amongst others, which are available on our website. The Board maintains our commitments and operates to the highest standards of governance such as ensuring that the rights of shareholders are protected and that the Company practices transparent disclosure. The Board continued to review and strengthen our approach on applying the principles of the Malaysian Code of Corporate Governance. During the year, we have also conducted the annual board independence Board Effectiveness Evaluation to assess the effectiveness of the overall Board of Directors, sub-committee and individual director.

We continued to benchmark our sustainability development with that of the GRI Framework, United Nations Sustainable Development Goals ("SDGs"), Responsible Business Alliance Framework ("RBA") and the Bursa Malaysia FTSE Russel ESG Model Framework. As an example, we are aligned with 12 out of the 17 United Nations SDGs and we aim to achieve more if not all of these goals. In addition, our efforts to date were recognised by our inclusion in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index in FY2021. This is an encouragement for us to do better and continue to pursue our long-term goals in this area. We believe we can make a sustainable impact in our business while providing the best value to our stakeholders.

Further details on the Group's Sustainability initiatives and achievements for FY2021 are available at the Sustainability section of this Annual Report and the full report is available on our website at www.frontken.com.

CHAIRMAN'S MESSAGE
(CONT'D)

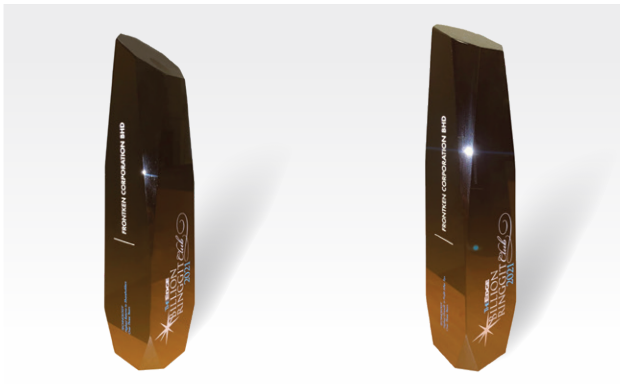
AWARDS AND RECOGNITION

Frontken, for the second year in a row, was again selected as "Forbes Asia 200 Best Under a Billion Company" in FY2021. We also emerged as a winner for third year in a row for "The Edge Billion Ringgit Club for Highest Growth in Profit After Tax Over Three Years" and two years in a row for "The Edge Billion Ringgit Club for Highest Return to Shareholders Over Three Years" in FY2021 under the technology sector. We are extremely proud of these Awards as they are recognition of our continuous effort and hard work put in over the years.

Forbes Asia BEST UNDER A BILLION

Selected as Forbes Asia 200 Best Under a Billion Company in FY2021

Award ceremony during The Edge Billion Ringgit Club Awards ceremony in FY2021



The Edge Billion Ringgit Club for Highest Growth in Profit After Tax Over Three Years in 2021 under Technology Sector

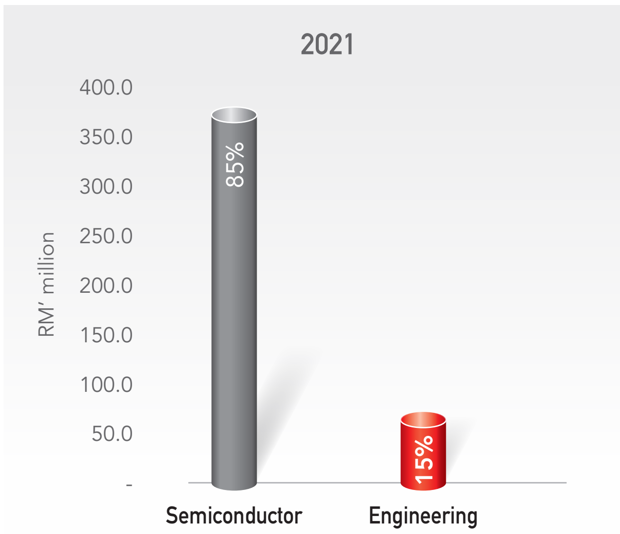
The Edge Billion Ringgit Club for Highest Return to Shareholders Over Three Years in 2021 under Technology Sector

During the year, the Group's subsidiaries also received numerous recognitions and awards from our customers and local authorities in areas including excellent business performance and ESG initiatives. These awards inspire us to continue what we have been doing and a testament that we are on the right path in achieving our goals.

BUSINESS REVIEW

SEMICONDUCTOR

In 2021, the global semiconductor industry sales totalled US$555.9 billion, the highest-ever recorded. That was an increase of 26.2% compared to 2020, as announced by the Semiconductor Industry Association on 14 February 2022. As for the Group's business in this segment, it was also our best achievement to date with revenue and PAT growth of 22% and 24% respectively during the year.



Semiconductor and Engineering revenue percentage chart for the Group in FY2021

CHAIRMAN'S MESSAGE
(CONT'D)

The pandemic has accelerated the adoption and implementation of many technologies that would have taken years, if not decades, to become conventional. It changed the way people work and triggered a massive shift to the use of digital technology. Work from home, virtual conferences, remote learning, and online shopping have driven up the demand for all things electronic in a short span of time. These needs have also highlighted the importance of the semiconductor industry and integrated circuits in our daily lives as well as the global economy. It pushed forward the deployment of 5G infrastructure, artificial intelligence ("AI"), internet of things and cutting-edge electronics. Consequently, our dependance on a wide range of applications from household electronic goods, mobile devices to automotive also increased.

The unwavering focus on fundamentals of our business and push for research and development ("R&D") to new levels allow us to stay on top of our business. We continue to develop specialised process technology with our customers based on the input and specification that each of them require. As a result, we were able to provide our customers with the highest level of process customisation and differentiated solutions to meet their individual needs.

Our continuous R&D allow us to provide solutions that help our customers improve their efficiency and reduce their operating costs without compromising on the quality of their end product. It also allows for faster turnaround time, better efficiency, and customised simple clean processes based on customers' requirement.

We continue to integrate automation and AI for some of our processes to improve uniformity and consistency in our end results. Our investment on high specification metrological equipment also allows us to provide greater accuracy, transparency of data collection and real-time documentation to our customers.

In Progress Quality Check/Control

We will continue to work closely and grow alongside our customers with our continuous innovation and process solutions while supporting them as they continue to advance in the leading-edge semiconductor technology.

Ares Green Technology Corporation ("AGTC"), Taiwan - Over the last few years, Taiwan semiconductor industry has been leading the world in their most technologically advanced chips. With that, comes more complicated and sophisticated processes resulting in chamber process parts becoming more and more sensitive to contamination. As a leading service provider and our ability to handle these very sophisticated parts have made us a trusted and critical partner to our customers.

In FY2021, AGTC once again achieved its highest ever revenue of RM310.4 million, an increase of 29.1% from a year ago. This achievement was attributable to the increased business from our key customers as a result of the ramp up of their advanced technology nodes.

As announced last year, we purchased an industrial building located in the Southern Taiwan Science Park, Kaohsiung (Plant 2) at the price of NTD367.5 million or RM53.3 million. The Southern Taiwan Science Park ("STSP") is one of the three main science-based industrial parks in Taiwan with key industries including integrated circuit, optoelectronics, precision machinery, telecommunications, computer peripherals, and biotechnology companies. It was also selected by the world's leading integrated foundry for its 5nm and 3nm advanced manufacturing processes, making STSP the world's largest IC industrial hub, according to its website.

The decision to expand was made based on the projected significant increase in work from our customers and the anticipated multi-year of growth in the semiconductor space in years to come. This new facility will be fitted with the most advanced specialised equipment, comprehensive waste-water treatment and scrubber systems amongst others. Our new "state of the art" facility will allow us to position ourselves as the leading advanced high precision chamber parts service provider for the next few generations of leading-edge chips. The infrastructure and size of this plant will provide us with sufficient space to further expand our production capacity. This facility is on track to be completed in the second half of this year and will be commissioned in phases.

Aerial view of Plant 2 at the Southern Taiwan Science Park, Kaohsiung

In addition to that, we are also actively looking and in discussion to acquire new land for our next phase of expansion as we envisage there will be more work from our customers and that more space will be needed should Plant 2 runs out of capacity. This also echoes a large trend among chip manufacturers that are expanding their production and manufacturing capacity to meet the huge demand in the semiconductor space.

We remain optimistic that our semiconductor business in Taiwan will continue to grow barring any unforeseen circumstances. In FY2021, we continued to increase our shareholding in AGTC to 91.79% from 91.25% a year ago.

Frontken (Singapore) Pte Ltd (FSPL Plant 2), Singapore - Our semiconductor business in Singapore continues to face shortages of manpower due to continual border shutdown and numerous restrictions imposed by its government which caused delays in our operations and daily output. In spite of the marginal miss in revenue and profit targets, the results was still commendable considering the challenges our team encountered during the year. We have put in extra effort to alleviate the workforce shortages as much as possible such as prioritising and rescheduling all jobs, optimising our processes, customising and automating bottleneck processes. We focused on our Continuous Improvement and Productivity programmes ("CIP") to improve on both quality and quantity of our workflow and processes.

Our priorities remain the same during the year, which was to ensure a sustainable output and productivity level. We are also working with new and existing customers for new projects, processes and parts qualification. With major wafer fabs announcing their capacity expansion in recent months, we believe our business will improve further and that we will be able to benefit substantially in the very near future. Moving forward, we will continue with our strategic focus on CIP and automation projects to ensure consistent output, increased efficiency and less reliance on manual labour.

Frontken Malaysia Sdn Bhd, Malaysia - Our semiconductor business in Kulim, Melaka and Kuching saw improvement in their revenue and bottom line compared to a year ago primarily due to the increased in sales to our existing and new customers. Our efforts of continual cost savings through streamlining our processes and tighter control over operation efficiencies have also contributed to the improved overall margins.

During the year, we saw more contract manufacturers being registered into our new customers' list as we managed to secure several new accounts mainly parts' fabricators embarking into business with the Original Equipment Maker for semiconductors tool. The revenue increase from this segment almost doubled compared to the previous year. The sluggishness from Hard Disk Drive and Photovoltaic were also offset by the pick-up from the semiconductor and automotive industry. We saw increased activities from our customers from the latter and are encouraged by their upcoming expansion plans that will be completed in 2024. We will continue to work hard and look out for further growth opportunities while defending our position as one of the largest semiconductor chamber process parts service provider in the country.

ENGINEERING DIVISION

In FY2021, the oil & gas industry rebounded with oil prices reaching their highest level in recent years, attributable to the reopening of economies and businesses. Similarly, the Group's engineering division saw a much improved revenue and PAT of 23% and 226% respectively during the year. We noticed significant improvement in our engineering segment in Malaysia, Singapore and the Philippines coming in from our oil & gas, petrochemical and refineries customers.

CHAIRMAN'S MESSAGE
(CONT'D)

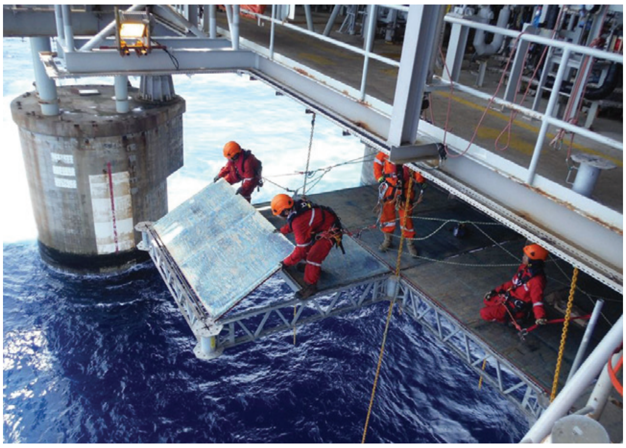
Frontken has been the service provider in the maintenance and repair activities in the oil & gas industry for more than two decades now. To date, the Group's engineering division captures a wide and growing set of support activities such as providing extensive technical solutions, machining and fabrication, skilled manpower supply, and specialised coating amongst others. Our engineering team have always played a pivotal role in driving our capabilities in this segment. We leverage on the skills and many years of experience that we have to expand our capabilities and services to meet the needs of our existing customers. Though our business in this sector is not always easy, we believe that our broad range of specialised skills and the continued support we provide to our customers through ups and downs allow us to stay as their preferred supplier at all time.

Given the momentum we are seeing in recent months, we believe our engineering business will pick up further throughout 2022 barring any unforeseen disruptions in the oil & gas sector.

Turbine Supervisory Instrumentation

Rope Access activity

Hydraulic Installation Works



Quick Deck Support Services

TTES Frontken Integrated Services Sdn Bhd, Malaysia - FY2021 was a much busier year for our oil & gas business in Malaysia with execution of various umbrella contracts for provision of manpower supply and mechanical rotating equipment services and parts that we have with the Petronas Group of Companies. Despite sale price pressure from stiff competition and additional costs associated with COVID-19 lockdowns, SOPs compliance, flash floods, and supply chain disruptions, we achieved a much improved revenue and bottom line from efforts in leveraging on our cash reserves, technical strengths and increased joint business partnerships with our suppliers.

CHAIRMAN'S MESSAGE
(CONT'D)

Aerial view of our New Workshop at Pengerang, Johor in December 2021

During the year, we started the construction of our new workshop in Pengerang, Johor to support the Petronas Refinery and Petrochemical Integrated Development and Pengerang Integrated Complex. This workshop was completed in early 2022 and will be our main thrust for the coming year where we will maximise our new assets, expand human capital investment and capabilities further to drive better performance and revenue across our operating units. We will continue with selective capital investments, identify strategic partners and bring other supplementary technical capabilities such as mechanical seals and valves services and minor fabrication to this new workshop.

We will continue to fine tune our business plan and extend joint tendering with selective partners to capture long term integrated service contracts and further expand our market base. Our aim is to be the best, most reliable and efficient one-stop service centre to the oil & gas industry, covering all aspects of customer maintenance needs, EPCC and turnaround supports.

Frontken (Singapore) Pte Ltd (FSPL Plant 1), Singapore - Our engineering business in Singapore was still largely affected by the permanent shutdowns of processing plants by oil & gas customers due to the on-going pandemic where some projects that we anticipated were cancelled in beginning of the year. The manpower shortages faced by refineries and processing plants resulted in lower scale maintenance shutdowns and reduced amount of works during these periods. However, we saw a gradual increase in activities during the second half of 2021 from across all sectors including oil & gas, petrochemical and refineries. As a result, losses for this unit were significantly narrowed compared to the year before. We saw some of our customers which have been inactive for most of 2021 sending in enquires towards the end of the year, some of which have been converted to orders in early January 2022. The significantly lower cost base and better utilisation of our resources from the operational changes made two years ago helped improve our earnings as well. Our workshop personnel were cross trained to undertake various tasks such as blasting, masking, coating, plating and spraying to enhance production efficiency and to cope during the busy period.

With the closure of one of our customers' plant in US, Carrington in the first quarter of 2021 and their relocation to Singapore, we saw an increased activity for new products and that this demand will continue in the coming year. In addition, the petrochemical and refinery complexes in Jurong Island have announced shutdown plans for the first half of 2022 and we are expecting to see repair works for regular pump component and rotor inspection in the pipeline. We are also collaborating with a new customer to provide spare parts, complete component management, rotor inspection and repair services. Moving forward, we will continue to engage and seek new opportunities from our existing customers and from non-traditional industries such as consumer product and solar energy manufacturers, where we have expanded our services to welding repairs and fabrication of parts in 2021.

CHAIRMAN'S MESSAGE
(CONT'D)

Frontken Philippines Inc., the Philippines - The Group's operation in the Philippines has been consistent over the years and 2021 was no different. We continued to deliver a steady set of results with a revenue of RM15.4 million and operating profit of RM2.5 million. We continued to focus in the power generation industry where we provide specialised manpower support, on-site inspections, and rehabilitation services for turbomachinery equipment to the two largest power generation companies in the country. To support our customer further, we acquired a new vertical lathe machine to enhance our capability in the machining needs of large diaphragms for use in the steam power plants, hydro power plants and large rotating and stationary equipment. The addition of this machine also supplements well with our existing precision machining capabilities and future projects.

During the year, we have made revisions in the repair processes through simplifying workflows without sacrificing the work and quality of our output, therefore increasing efficiency, and reducing turnaround times. Our on-going efforts to develop multi skilled personnel with complementing competencies, skilled and efficient team for on-site works, reduce logistics costs and optimise service capabilities have proven invaluable to all our customers that are in areas where access can be geographically challenging. In addition, the technical alliances with strategic service providers in the energy sector allows us to have exclusive access to spare parts, work procedures and online trainings that have brought significant value to our power generation customers.

Moving forward, the power generation industry will be our key target growth area. This sector is expected to double its current production output by the end of 2030 due to the ever-growing electricity demands fueled by large infrastructure projects, as well as a growing manufacturing industry. We will continue to work with our customers and strategic partners to establish and refine our technical service capabilities through training and development programmes that will cater to their maintenance and service needs.

MOVING FORWARD

We know that challenges are not behind us yet and the pace of recovery in the coming months remains highly uncertain as mounting geopolitical tensions and lingering effects of COVID-19 continue. However, one thing that we are certain of is our commitment and determination towards our business goals. Our aim is to not only innovate and provide the best solutions to our customers, but also to continue to grow all aspects of the performance of our business. We believe there are still a lot of room for improvement and are committed to deliver a sustainable growth in our business and profit in the coming years.

APPRECIATION

I would like to take this opportunity to thank our Board of Directors for its continuous guidance, strategic advice and steadfast support throughout the year. On behalf of the Board, I would like to welcome our new Non-Executive Independent Director, Ms Koh Huey Min who joined the Board in December last year. We believe her broad set of skills and experience will be an asset and we look forward to working with her.

I would also like to thank all my colleagues for your relentless dedication, sacrifices, and hard work during the year. We are here because of all of you.

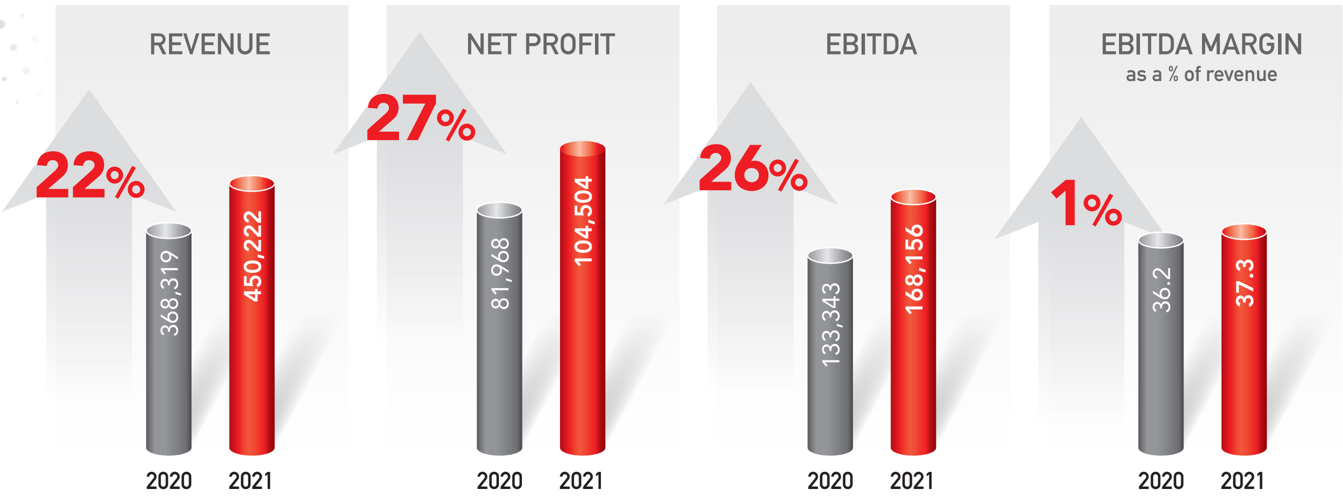
We are extremely thankful to our customers that have continually shown their confidence in us by giving us their continued business and new opportunities.

To our business associates, various ministries, government agencies and regulators of the countries where we operate in, we appreciate your trust and support that you have given to us.

Lastly, I would like to thank all of you, our loyal shareholders, for your ongoing support and trust in us. We will continue to do our best in delivering the best return to all of you.

FINANCIAL REVIEW

RESULTS OF OPERATIONS
in RM'000



REVENUE

The Group reported higher revenue of RM450.2 million against RM368.3 million of last year, an increment of 22% mainly due to better contributions from nearly all our subsidiaries attributable to the robust growth in our semiconductor business derived from our customers' ramp up of production and improvement in our oil and gas business.

REVENUE (by customer location)	2021 RM'000	%	2020 RM'000	%	% change in revenue
Taiwan	303,561	67	235,121	64	29
Malaysia	63,227	14	51,417	14	23
Singapore	48,278	11	46,586	13	4
Philippines	15,335	3	15,397	4	-
Others	19,821	5	19,798	5	-
Total	450,222	100	368,319	100	22

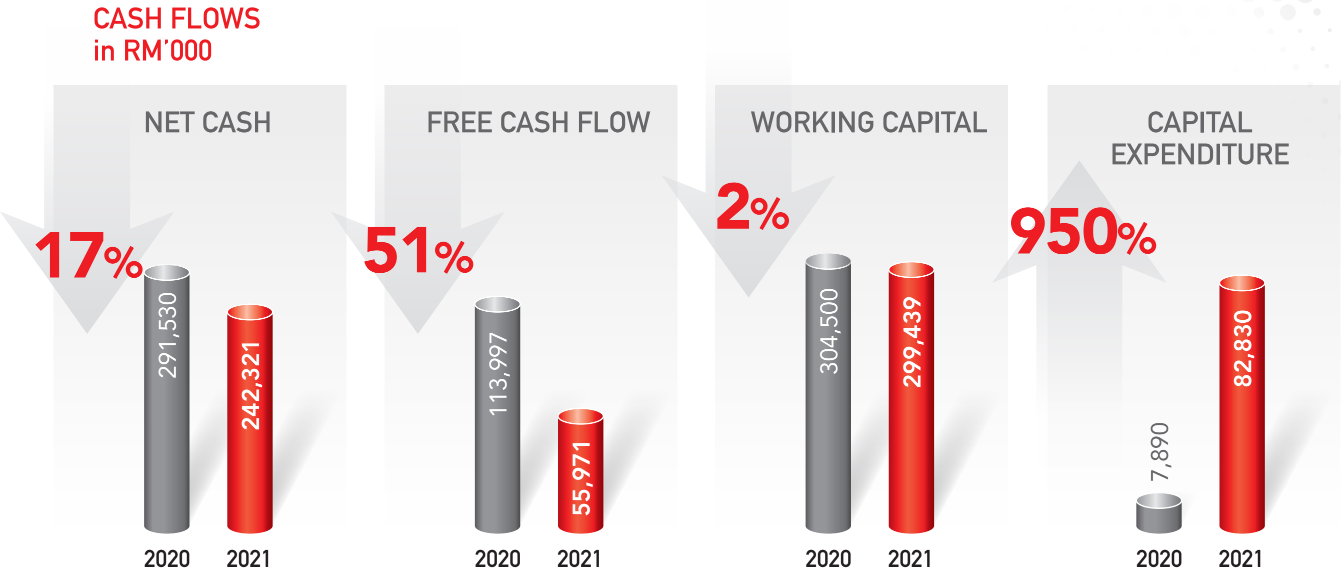
An analysis of revenue by customer location showed growth in our business particularly in Taiwan, Malaysia and Singapore. Our Taiwan business continues to show significant growth of 29% in the financial year 2021 ("FY2021") due to its customers' increased production to meet the high demand for their advanced nodes chips. Our Malaysia business benefitted from the improved capital expenditure allocation by their oil & gas customers which partly was attributable to the strong Brent crude oil price. The Singapore business revenue improved due to the robust semi-conductor industry and positive growth of the oil & gas business.

EARNINGS

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") for FY2021 was RM34.8 million or 26% higher than that achieved in the preceding year mainly due to improved revenue, strict cost management and continual enhancement of our processes leading to better production efficiency and profit margin. Against the same period last year, the profit after tax increased by RM25.9 million or 29%.

The consolidated net profit attributable to shareholders of the Company for FY2021 increased by RM22.5 million or 27% compared to the preceding year. This translated to basic earnings per share of 6.65 sen in FY2021 compared to basic earnings per share of 5.21 sen in the preceding year.

FINANCIAL REVIEW
(CONT'D)



The free cash flow decreased from RM114.0 million to RM56.0 million in FY2021 mainly due to capital expenditure of RM82.8 million, an increase of RM74.9 million compared to the preceding year.

The net cash inflow from operating activities for FY2021 increased by RM19.0 million to RM138.8 million. The net cash outflow for financing activities was RM27.1 million higher than last year mainly due to higher dividend payment, an increase of 87%, to reward our shareholders. Net cash used for investing activities increased from RM12.0 million in the preceding year to RM86.2 million in FY2021 attributable to capital expenditure to expand our production capacity.

The Group has cash and cash equivalents of RM302.4 million as at the end of year 2021 compared to RM299.8 million at the end of year 2020. Amid the challenging business conditions, the Group will continue to exercise prudence in cash flow management while conserving the cash for dividend payment, potential future expansion and investing activities.

FINANCIAL POSITION

The Group's shareholders' fund improved from RM440.0 million as at 31 December 2020 to RM500.9 million as at 31 December 2021, an increase of RM60.9 million or 14%.

Total assets of the Group increased from RM618.3 million as at 31 December 2020 to RM718.6 million as at 31 December 2021. This is mainly due to higher receivables from increase revenue and capital investment in property, plant and equipment. The Group has purchased a new facility in Kaohsiung, Taiwan to expand its production capacity to meet our key customer's projected increase in demand for its services. The Group's liabilities of RM183.6 million as at 31 December 2021 were higher by RM32.3 million or 21% compared to last year. The increase in lease liabilities and other payables is mainly due to the expansion of production facility in Kaohsiung, Taiwan which is expected to be commissioned sometimes during the second half of 2022.

BOARD OF DIRECTORS' PROFILE

NG WAI PIN

Chairman / Chief Executive Officer

- *Aged 56, Male, Malaysian*
- *Appointed to the Board on 10 April 2006*
- *Member of Remuneration Committee*

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

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

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

DR TAY KIANG MENG

Executive Director / Chief Scientist

- *Aged 57, Male, Singaporean*
- *Appointed to the Board on 10 April 2006*

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

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

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

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

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

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

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

- *Aged 74, Male, Malaysian*
- *Appointed to the Board on 10 April 2006*
- *Chairman of Nomination Committee, Member of Remuneration Committee*

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

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

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

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

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

NG CHEE WHYE
Independent Non-Executive Director

- *Aged 56, Male, Malaysian*
- *Appointed to the Board on 31 July 2019*
- *Chairman of Audit Committee and Remuneration Committee, Member of Nomination Committee*

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

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

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

GERALD CHIU YOONG CHIAN

Non-Independent Non-Executive Director

- *Aged 48, Male, Singaporean*
- *Appointed to the Board on 31 July 2019*
- *Member of Audit Committee and Nomination Committee*

Gerald Chiu Yoong Chian holds a BA (First Class Honours) in Engineering and Master's in Engineering (with distinction), both from the University of Cambridge, United Kingdom. He joined Dymon Asia Capital in 2012, helped establish Dymon Asia Private Equity ("DAPE"), and is a member of DAPE's investment committee. DAPE is focused on making private equity investments in Small and Medium Enterprises in South East Asia, and aims to contribute both capital and expertise to the companies it invests in. DAPE's current funds are Fund I (SGD300 million) and Fund II (USD450 million). DAPE has offices in Singapore, Malaysia and Thailand, and has invested in 22 companies/exited 6 companies across these geographies.

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

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

KOH HUEY MIN

Independent Non-Executive Director

- *Aged 56, Female, Malaysian*
- *Appointed to the Board on 1 December 2021*
- *Member of Audit Committee and Remuneration Committee*

Koh Huey Min is a Fellow Member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants.

She has more than 30 years of experience in finance, accounting, tax, treasury fields, marketing, business development, property investment and development and shopping complex operations.

She was an Executive Director of Berjaya Assets Berhad ("BAssets") from 23 June 2017 to 31 August 2021. Prior to that, she was attached to PricewaterhouseCoopers and subsequent to that, she worked in Hong Leong Group of Companies as an Accountant. She joined Berjaya Times Square ("BTSSB"), a wholly-owned subsidiary of BAssets in March 1994 as the Head of Finance and Admin. She was appointed as an Executive Director of BTSSB from 8 January 2013 to 31 August 2021. She anchored the overall property development and investment division and also managed the overall operations of Berjaya Times Square Group. She also held directorships in various subsidiaries of BAssets.

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

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

SENIOR MANAGEMENT'S PROFILE

GEORGE I. LAGOS

President, Frontken Philippines Inc. ("FPI")

- *Aged 62, Male, Filipino*
- *Appointed in 2003*

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

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

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

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

HEE KOK HIONG

Chief Financial Officer

- *Aged 49, Male, Malaysian*
- *Appointed in 2012*

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

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

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

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

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

SENIOR MANAGEMENT'S PROFILE
(CONT'D)

MOHD SHUKRI BIN HITAM

Managing Director of TTES Frontken Integrated Services Sdn Bhd ("TFIS")

- *Aged 56, Male, Malaysian*
- *Appointed in 2000*

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

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

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

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

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

TSAI YU MIN

General Manager, Ares Green Technology Corporation ("AGTC")

- *Aged 45, Male, Taiwanese*
- *Appointed in 2013*

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

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

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

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

None of the Directors and members of Key Senior Management hold any other directorship in any public company and/or listed issuer in Malaysia.

SUSTAINABILITY REPORT

MESSAGES FROM SUSTAINABILITY COMMITTEE

DEAR STAKEHOLDERS,

For many years, Frontken Group (the "Group") built technology and provide services that enable our customers to be more sustainable and do more for our environment, community and society. We integrate our technology, practices, partnerships, and processes around a single mission - to build sustainability through actionable technology; and make more positive impact towards the environment and society together with our customers, employees and stakeholders. We have been committed to health, safety, environmental and corporate responsibility and sustainability development. We are focused on providing our customers around the world with products, services and technologies that help to improve and achieve the sustainable Environment 5.0 and Society 5.0 and make an explicit and positive contribution to the challenges of the Sustainable Development Goals today.

The year 2021 ("FY 2021") was a difficult year with many uncertainties as the COVID-19 pandemic continuously and severely affected and impaired our lives, our operations, our communities, and the whole world economies. From the onset of the pandemic since January 2020, the Group set up an Emergency Response Team, which reports directly to our executive board members, and promptly implemented a number of counter-measures and all necessary steps, including all governmental guidelines and industry best practices; such as work from home for our employees wherever possible, implement split-shift work, cleaning protocols to minimise the risks for our employees, our customers and supply chain partners. We are constantly working to gather information and deploy measures regarding the everchanging operational situations, while ensuring the health and safety of our employees.

At the fiscal year 2021 meetings of the Sustainability Committee, the members discussed and updated the specific measures required to achieve Environmental Vision 2050, which aims to reduce greenhouse gas emissions by 50% by 2050, as well as confirming the progress and reviewing the targets for 2025 and long-term goals. In addition, the committee evaluated and identified risks and opportunities related to the environment including climate change following the various references and standards including Climate-related Financial Disclosures recommendations, and discussed the direction of the Company's environmental initiatives, such as waste recovery and recycling based on these standards and efforts toward a circular economy.

The Group has continuously explored different ways to grow our business while undertaking challenges associated with the reduction of greenhouse gas emissions and improving our positive impact towards the environment and society. Through the development of our technology, products and services that contribute to environmental protection and energy conservation and the mitigation of global warming, we aim to reduce the world's greenhouse gas emissions while further developing our businesses. We will focus on disclosing environmental, social and governance ("ESG") information, including climate change.

In FY2021, we further strengthened the Group's commitments to various aspects of sustainability development, especially on the governance, health and safety of our employees, environmental sustainability and emissions and climate changes and sustainable supply chain. Our sustainability report covers our accomplishments in FY2021 during which time we took important steps to strengthen and integrate our sustainability vision, which is key to the long-term sustainable growth, development, and profitability of the Group. We have dedicated additional resources to fully control, digitise and integrate our sustainability initiatives. These initiatives are aimed to recognise opportunities for profitability, continuous improvement, build enterprise value, preserves business integrity, and protects our reputation.

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

The Group continuously develop business opportunities in alignment with our Sustainable Development Goals that are most relevant for the Group by re-engineering more shared values from fewer resources and turning societal concerns and environmental challenges into our product and services innovations for our global customers. We believe in delivering to both our stakeholders and social values for the long-term growth by building excellent corporate governance that will contribute positively to the society and the environment.

The Group has continuously spent considerable time and resources in shifting our business models towards becoming more sustainable and more digital. We have also been successful in identifying new opportunities, as evidenced by our investments in digitisation of advanced production system, expanding our production capacity, and the re-engineering of our water usage and conservation systems as well as our waste treatment and discharge systems, which have become the leader in terms of semiconductor parts processing support technology as well as in environmental sustainability.

The Group has also continuously engaged our stakeholders on the risk management and materiality assessment of our business; including the key trends and topics that are critical to the continual success of our business, such as reducing emissions to the environment, reducing energy use and waste and improving safety and productivity, creating an inclusive social platform and good corporate governance, business continuity plan, etc. We have always and will continue to constantly review such risks as important opportunities to strengthen our risk management and create long-term value and sustainable growth for the Group. The assessment and improvement of our operational sustainability have been integrated as part of the Group's strategic formulation.

Based on the key issues we identified, we have laid out a set of strategies and some medium-term and long-term goals. In the long-term vision, we aim to benchmark our sustainability development with the GRI Framework and United Nations Sustainable Development Goals; Responsible Business Alliance Framework ("RBA"); Bursa Malaysia FTSE Russell ESG Model Framework; and by continuing to make efforts in the economic and ESG dimensions of our business and make contribution towards resolving environmental and social issues.

The Board will continue to provide oversight with the support of the Sustainability Management Committee and Risk Management Committee where the Environment, Social and Governance etc are reviewed and implemented.

Moving forward, one of the key priorities will be the health and safety of our employees, their families, and of the employees working for our customers and our business partners. The Group continued to improve and strengthen and focus on the six "Core Areas for Action on Sustainability". These six dimensions of sustainability development are:

(a) Responsible management;

(b) Responsible innovation and service;

(c) Responsible green production;

(d) Responsible workplace;

(e) Responsible inclusion and diversity;

(f) Responsible supply chain.

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

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

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

Some of the highlights of our achievements are summarised as follows, with more details within our Group Sustainability Report FY2021, where we measure and report our sustainability performance.

Frontken FY2021 Sustainability Report provides an update on the more detailed information about our sustainability strategy that we shared in our FY2020 Environmental Report. Our 2021 report covers our 2021 fiscal year and includes data, performance highlights, and progress against our targets. It also mentions notable targets set in medium-term and long-term.

FY2021 ACHIEVEMENT OF SUSTAINABILITY GOALS

1. RESPONSIBLE MANAGEMENT

The Board of the Group is cognisant of the importance of deploying high standards of corporate governance for the purposes of safeguarding the interest of its stakeholders as well as the assets of the Group.

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

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

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

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

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

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

In the reporting period of FY2021, we achieved the following:

GOVERNANCE INDICATORS		UNIT OF MEASURE	FY2021
ENTERPRISE RISK MANAGEMENT			
(i)	Committed to assessment of all potential business risks in all business units; enforce full business recovery policy planning with complete procedures and rehearsals to address any potential risk in all operational business units;	compliance	100%
(ii)	The board has oversight of risk management policy that are 100% committed to enforce corruption risk assessment; with complete procedures to address corruption in operations that are assessed to be "high risk"; including confidential or anonymous whistle-blowing mechanism for all staff and suppliers;	compliance	100%
(iii)	Committed to 100% training for all employees on the anti-corruption policy and risk management; Including communication and disclosures of anti-corruption policy to all employees covering all possible enterprise risks and data;	percentage	100%
(iv)	Committed to 100% communication for all related suppliers and customers on the anti-corruption policy and potential risk areas;	percentage	100%
(v)	Zero incident of material losses for each period;	number of incidents	0
(vi)	Zero incident of corruption and bribery for each period;	number of incidents	0
(vii)	Full disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies;	number	0
(viii)	Full disclosure of cost of fines, penalties, or settlements in relation to corruption.	currency	0
CORPORATE GOVERNANCE			
(i)	Committed compliance to 100% full disclosure of details about all the directors;	compliance	100%
(ii)	Commitment compliance to gender diversity on the board: including women on the Executive committee or equivalent;	ratio	16.67%
(iii)	Committed to compliance towards a fully non-executive Audit Committee or Audit Board with all independent directors;	compliance	Yes
(iv)	Committed compliance to full disclosures of all fixed and variable remuneration for: (a) Executive Directors included in the company's remuneration disclosures; (b) Non-executive board members;	compliance	Yes

GOVERNANCE INDICATORS		UNIT OF MEASURE	FY2021
CORPORATE GOVERNANCE			
(v)	Committed compliance to allows all shareholders to have the right to vote on all director appointments and dismissals; and the full disclosure of voting results;	compliance	Yes
(vi)	Committed compliance to conduct periodic full internal audits and evaluation on all operating business units to identify potential risks areas;	risk level	extremely low
(vii)	Committed compliance to full compliance of periodic evaluation of board effectiveness; including disclosure of number of times the board/each committee have/has met per annum.	effectiveness level	extremely high
TAX COMPLIANCE			
(i)	Zero incidents of tax non-compliance for each period.	number of incidents	0
INFOTECH AND DATA SECURITY			
(i)	Zero incident of data loses for each period;	number of incidents	0
(ii)	Zero incident of security breaches for each period.	number of incidents	0

2. RESPONSIBLE INNOVATION AND SERVICE

In FY2021, we continue to develop the advanced precision cleaning and coating in the 3nm process technology in Taiwan and 8nm process technology in Singapore. We also led the most advanced precision cleaning and coating for the next generation memory wafer process in both Taiwan and Singapore.

In FY2021, our research and development team continued to research and develop more environmentally friendly methods for our chemical management, coating, and cleaning processes, we improved our production process flow and productivity, and most importantly we replace the dangerous and hazardous steps and processes that are not safe and conducive to the physical and mental health of employees and the environment.

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

In the reporting period of FY2021, we achieved the following:

RND INNOVATION INDICATORS		UNIT OF MEASURE	FY2021
RESEARCH AND DEVELOPMENT AND INNOVATION ("RDI") RATE			
(i)	Increase of at least 10% in research and development and innovation rate; computed based on per unit of dollar revenue/RND Cost for each period. (Baseline data is FY2019);	rate	78.99
(ii)	Increase of at least 10% in return of investment in research and development and innovation activities; computed based on per unit of dollar operating profit/RND Cost for each period. (Baseline data is FY2019);	return of investment	20.04
(iii)	Number of RDI activities and IP generated per FTE for each period.	number	5.60
RESEARCH AND DEVELOPMENT AND INNOVATION ("RDI") CAPABILITY MATURITY MODEL			
(i)	Committed compliance to achieve level 5 research development innovation capability maturity model;	RDI CMM Level	100%
(ii)	Committed compliance to achieve level 5 knowledge competency maturity model for all FTE in research and development and innovation;	KCMM Level	4.10
(iii)	Committed compliance to full process of records internal audits without major critical discrepancies;	compliance	100%
(iv)	Committed compliance to full production system external audits without major critical discrepancies.	compliance	100%
SUSTAINABILITY DEVELOPMENT INDEX ESG RATINGS			
(i)	Committed compliance to achieve top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell. ESG Ratings of PLCs assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology;	score	4 stars
(ii)	Committed compliance to achieve the inclusion into the FTSE4Good Bursa Malaysia Index;	inclusion	Yes
(iii)	Committed compliance to achieve the inclusion into the FTSE4Good Bursa Malaysia Shariah Index.	inclusion	Yes
INNOVATION PROJECTS FOR SUSTAINABILITY DEVELOPMENT			
(i)	Total accumulative green power project (KW) since 2018;	kw	1,341,934
(ii)	Total accumulative DIW recycling project since 2018 (Ton);	ton	227,115
(iii)	Total accumulative waste recycling project since 2018 (Kg).	kg	306,159

3. RESPONSIBLE GREEN PRODUCTION

The Group has continued to improve its green production method through its research and development to meet the operational challenges that global warming may bring by making progress through innovation. In FY2021, our production capacity has increased while processes continue to grow more complex, but through our efforts, unit production average power usage was reduced to 9.22 kWh (FY2020 = 10.16 kWh) per part produced; the unit production average water usage was reduced to 0.11 (FY2020 = 0.12) cubic metre per part; and unit production average waste produced was maintained at 0.4 kg (FY2020 = 0.4 kg) per part.

To assess the environmental impact of the Group's business activities, including its value chain, the Group implemented and monitored Scopes 1, 2, and 3 of the greenhouse gas ("GHG") emissions. The calculation is based on the GHG Protocol, which is the most widely used international accounting and reporting tool. We have identified Scope 2 electricity consumption as having the greatest potential impact on achieving our stated energy and emissions targets. Most of our energy use is associated with our production. Optimising energy efficiency in our operations is a key component of the Group's overall sustainability strategy.

We are committed to continue to cut energy usage to lower our utility costs and reduce our environmental footprint. We are committed to doing our part to achieve a low-carbon future. We have already boosted the share of renewable power in our energy mix. Our sources of renewable energy include on-site generation: renewable power generated by renewable energy sources (i.e. solar).

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

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

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

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

(d) We continue to implement renewable power in our energy mix. In our Taiwan plant, we installed solar photovoltaic systems on the roof of the plant to generate electricity and achieve an average monthly power generation of up to 30,000 kWp, and we accumulatively used 1,341,934 KW of green power since 2018.

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

In the reporting period of FY2021, we achieved the following:

ENVIRONMENT INDICATORS		UNIT OF MEASURE	FY2021
GHG EMISSION SCOPE 1, 2 & 3			
(i)	Scope 1 : Direct Emissions from company facilities, fleets, etc; (tCO2e)	tCO2e	1,430
(ii)	Scope 2 : Indirect Emissions from electricity purchased and used by the company; (tCO2e)	tCO2e	10,375
(iii)	Scope 3 : Other Indirect Emissions from company activities via entities beyond its ownership or control (procurement, shipping, distribution, waste, etc.), as well as business travel and employee commuting. (tCO2e)	tCO2e	32,230
ENERGY DATA			
(i)	Total energy consumption data;	Mwh	21,288
(ii)	Internal carbon price : per tonne of GHG emissions (tCO2e).	USD per ton	20
SCOPE 1 : GHG EMISSIONS INTENSITY PER REVENUE IN MILLION MYR			
(i)	Reduce 10% our Emissions Intensity – the amount of GHGs emitted per dollar revenue. (Baseline data FY2020). (kgCO2e per revenue in Million MYR)	kgCO2e per revenue in Million MYR	3,176
SCOPE 2 : GHG EMISSIONS INTENSITY PER UNIT PRODUCTION			
(i)	Reduce 10% our GHG emissions per unit of production. (Energy consumption and GHG emissions baseline data FY2020). (kgCO2e per part)	kgCO2e per part	4.50
SCOPE 3 : GHG EMISSION DATA			
Purchased goods and services		tCO2e	9,689
Capital goods		tCO2e	17,697
Fuel-and-energy-related activities (not included in scope 1 or 2)		tCO2e	2,432
Upstream transportation and distribution		tCO2e	0
Waste generated in operations		tCO2e	1,353
Business travel		tCO2e	43
Employee commuting		tCO2e	230
Upstream leased assets		tCO2e	NA
Investments		tCO2e	NA

ENVIRONMENT INDICATORS	UNIT OF MEASURE	FY2021
SCOPE 3 : GHG EMISSION DATA		
Downstream transportation and distribution	tCO2e	785
Processing of sold products	tCO2e	NA
Use of sold products	tCO2e	NA
End of life treatment of sold products	tCO2e	NA
Downstream leased assets	tCO2e	NA
Franchises	tCO2e	NA
Other (upstream)	tCO2e	NA
Other (downstream)	tCO2e	NA
Total/no breakdown	tCO2e	32,230
WATER CONSERVATION		
(i) Reduce 10% our water consumption per unit of production. (Water consumption baseline data FY2019). (Cubic meter per part)	cubic metre per part	0.11
WATER DATA		
(i) Disclosure of the number of incidents of non-compliance with water quality/quantity permits, standards, and regulations;	number of incidents	0
(ii) Water management plan (including water recycling system);	kilo tonnes	68
(iii) Water-stressed/scarce regions;	number	0
(iv) Total water (effluent) discharge from facilities.	cubic metre	264,884
TOTAL WATER DISCHARGE DATA DISCLOSED BY DESTINATION		
Ocean total discharge	cubic metre	0
Surface Water total discharge	cubic metre	0
Subsurface/well total discharge	cubic metre	0
Off-site water treatment total discharge	cubic metre	264,884
Beneficial/other use total discharge	cubic metre	0
Total discharge	cubic metre	264,884

ENVIRONMENT INDICATORS	UNIT OF MEASURE	FY2021
TOTAL WATER WITHDRAWAL DATA DISCLOSED BY SOURCE		
Surface water from rivers, lakes, natural ponds	cubic metre	0
Groundwater from wells, boreholes	cubic metre	0
Used quarry water collected in the quarry	cubic metre	0
Municipal potable water	cubic metre	264,884
External wastewater	cubic metre	0
Harvested rainwater	cubic metre	0
Sea water, water extracted from the sea or the ocean	cubic metre	0
Total Water Withdrawal	cubic metre	264,884
WASTE REDUCTION		
(i) Reduce 10% our waste generated in kg per unit of production. (Waste generated baseline data FY2019). (kg per part)	kg per part	0.4
WATER DATA		
(i) Total waste generated and recycled;	tonnes	67,847
(ii) Total hazardous waste generated;	tonnes	705
(iii) Total non-recylced waste generated.	tonnes	971
CHEMICAL MANAGEMENT		
(i) Increase usage of environmentally friendly chemical in kg per unit of production by 10%. (Friendly chemical use baseline data FY2019 = 0.97); (kg per part)	kg per part	1.49
(ii) Committed compliance to proper handling, usage, storage and disposal of used chemicals in an environmentally friendly manner.	compliance	100%

4. RESPONSIBLE WORKPLACE

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

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

We see it as our responsibility to provide a safe and injury-free working environment which is set out in our Health, Safety and Environment policy statement. This policy supports the Workplace Safety and Health ("WSH") regulations in most of the jurisdictions we operate in. We actively promote awareness on workplace occupational health and safety. We aim to elevate the safety standards for our stakeholders through our WSH work plan. We expand our WSH measures such as training and education, fire safety improvements as well as onsite safety inspections.

We believe that all workplace injuries are preventable, and our ultimate goal is to achieve zero injuries through continued investment in and focus on our core safety programmes and injury reduction initiatives. To raise employee's awareness, we institute a WSH mandatory training programme for our operation employees to equip them with the knowledge (such as understanding safety responsibilities and covering materials needed for specific jobs – electrical safety, ergonomics, control of hazardous materials and chemical safety) so that they may comply with the same in the performance of their assigned roles.

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

In the reporting period of FY2021, we achieved the following:

SOCIAL & PEOPLE INDICATORS		UNIT OF MEASURE	FY2021
HEALTH AND SAFETY : WORKPLACE COVID-19 PROTOCOL			
(i)	Achieve Zero fatal incidents of COVID-19 and related issues for the period. Implement protocol and programme to prevent and control of global fatal health issue which applies to Employees and the related Community.	number of incidents	0
HEALTH AND SAFETY			
(i)	Achieve Zero fatal incidents of employees' health and safety fatalities in all 100% coverage of Frontken Group;	number of incidents	0
(ii)	Reduce to less than 3 incidents of ESH-Related notices of violation in all 100% coverage of Frontken Group;	number of incidents	0
(iii)	Reduce our health and safety recordable injury rate to 0.09 hour per 100 Employees in all 100% coverage of Frontken Group. [Lost-time incident rate = lost hours per 100 employees].	hour per 100 employees	0.01

SOCIAL & PEOPLE INDICATORS	UNIT OF MEASURE	FY2021
HEALTH AND SAFETY COMPLIANCE AND CERTIFICATIONS		
(i) Established board committee, safety committees, safety teams' oversight of management and control of health and safety risks in all 100% compliance and coverage of Frontken Group;	compliance	Yes
(ii) Achieve 100% percentage of production sites licensed and certified by the local regulatory authority within each country/sites;	percentage	100%
(iii) Achieve 100% percentage of production sites with ISO and/or OHSAS 18001 certification and or equivalent international assurance standard certification; and/or qualification by customers;	percentage	100%
(iv) Achieve 100% percentage of monitoring of safety indicators; and monthly/weekly safety training and awareness;	percentage	100%
(v) Achieve 100% percentage of employees trained on health and safety protocols/standards/policy.	percentage	98%

5. RESPONSIBLE INCLUSION AND DIVERSITY

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

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

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

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

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

We are committed to creating a better world through our service and the passion of our employees. We believe that the health of our Group and local economies both depend on an increasingly inclusive community. We believe that to maintain interaction with local communities and actively participate in public welfare activities is one of the most important ways to contribute to the society. We empower our employees to extend their values into our local communities for corporate social responsibility initiatives. We provide overseas internship opportunities for students from Singapore ITE college. At the same time, we also hired disabled people to make our contributions to caring for the society.

In addition, the Group's employees also actively participated in the following social impact activities: (a) blood donation since 2019; (b) support to vulnerable groups in Singapore in the fight against COVID-19 including donating of masks to hospital staff during the COVID-19 period; (c) donate food to vulnerable and less privileged groups.

In the reporting period of FY2021, we achieved the following:

SOCIAL & PEOPLE INDICATORS		UNIT OF MEASURE	FY2021
LABOUR PRACTICE			
(i)	Achieve Zero incidents of unfair employment practices;	number of incidents	0
(ii)	Achieve Zero incidents of violation of labour laws;	number of incidents	0
(iii)	Achieve employee retention rate of 95%;	percentage of retention	98.49%
(iv)	Committed compliance to local employment and/or sourcing.	compliance	Yes
HUMAN RIGHTS			
(i)	Committed to achieve Zero incidents of unfair harassment, bullying and/or unlawful discrimination practices including gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers, etc;	number of incidents	0
(ii)	Committed compliance to enforced Zero tolerance approach to any child labour and/or modern slavery and/or forced labour of any kind within Frontken operations;	compliance	Yes
(iii)	Committed compliance to meet and/or exceed the minimum wage/ meet living wage in each country of operations.	compliance	Yes
INCLUSION AND DIVERSITY			
(i)	Committed compliance to achieve a balance diverse and inclusive workplace; inclusive of race, nationality, gender, age, disabilities;	compliance	Yes
(ii)	The percentage of employees that are contractors or temporary staff;	percentage	0%
(iii)	The percentage of Group's staff with a disability per 100 employees;	percentage	0.57%

SOCIAL & PEOPLE INDICATORS		UNIT OF MEASURE	FY2021
INCLUSION AND DIVERSITY			
(iv)	The percentage of women in the Group's workforce;	percentage	19.94%
(v)	Number of nationalities in the Group's workforce;	number	8
(vi)	Committed compliance to hire, develop, reward, promote and retain any employee purely based on their talents, commitment, potential and the results of their achievement.	compliance	100%
EQUAL OPPORTUNITY			
(i)	Committed to achieve Zero incidents of unfair discrimination or harassment practices; based on race, colour, age, gender, sexual orientation, gender identity, ethnicity or national origin, disability, pregnancy, religion, political affiliation, marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.	number of incidents	0
TALENT DEVELOPMENT			
(i)	Achieve 100% coverage of annual staff appraisal practices to develop talent;	percentage	100%
(ii)	Committed compliance to employee development programmes to enhance knowledge and skills for specific talent and succession planning.	compliance	Yes
TRAINING AND DEVELOPMENT			
(i)	Committed to increase the amount of training hours invested by 10% (baseline date from FY2019);	hour	15,053
(ii)	Amount of time spent on employee talent development training to enhance knowledge or individual skills;	days	2,316
(iii)	Achieve 95% all employees are trained and educated in their respective work scope.	percentage	92.86%
SOCIAL PARTICIPATION			
(i)	Increase the number of social participation activities by 10%;	number	7
(ii)	Achieve 70% of all employees for social participation activities.	percentage	59%
SOCIAL IMPACT			
(i)	Increase the amount of number of volunteerism hours invested by 10% (baseline date from FY2019);	hour	4,328
(ii)	Total equivalent amount of donations/community investments made to registered not-for-profit organisations; and/or for the community;	MYR	38,500
(iii)	Increase the total number of persons got the benefit through our supporting schools and non-profit organisations; and/or the community via social projects by 10%. (Baseline date from FY2019).	person	97

6. RESPONSIBLE SUPPLY CHAIN

The ongoing COVID-19 pandemic requires the Group to continue to adapt and rise to new challenges as we remain committed to the health and safety of every person in our supply chain. In 2021, we continue to focus and support our suppliers' compliance with local, national, and global guidance and requirements for COVID-19 management as part of our Supplier Code of Conduct.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the reporting period of FY2021, we achieved the following:

SUPPLY CHAIN INDICATORS	UNIT OF MEASURE	FY2021
SUPPLY CHAIN QUALIFICATION		
(i) Achieve sustainability qualification of the top 10 critical suppliers based on total spend cost. (Baseline data FY2020);	number	34
(ii) Committed to establish supply chain risk management; including quantification of suppliers; supply chain compliance monitoring or audit; and communicated to all key suppliers;	compliance	Yes
(iii) Committed compliance to respect all parties intellectual property rights; including the transfer of technology and know-how.	compliance	Yes
SUPPLY CHAIN HEALTH AND SAFETY		
(i) Achieve Zero incidents of onsite contractors and Supplier's health and safety fatalities, including all occupational safety within the facilities of Frontken Group.	number	0
SUPPLY CHAIN LABOUR PRACTICE		
(i) Committed compliance to enforce critical suppliers within Frontken supply chain towards Zero tolerance approach to any child labour and/or modern slavery and/or forced labour of any kind;	compliance	Yes
(ii) Committed compliance to ensure critical suppliers within the Group's supply chain, uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community; including non-discrimination and non-harassment.	compliance	Yes
SUPPLY CHAIN RESPONSIBLE SOURCING		
(i) Committed to 100% compliance to adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal;	compliance	100%
(ii) Committed to responsible sourcing of minerals with full compliance and adoption of a policy and exercise due diligence on the source and chain of custody consistent with the Organisation for Economic Co-operation and Development Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas or an equivalent and recognised due diligence framework.	compliance	Yes

CONCLUSION

Moving forward, our business environment will be more volatile, more uncertain, more complex, with more threats emerging coupled with difficult challenges. However, we see great opportunities for the Group to make a difference – for our business and our stakeholders.

The Group will transform itself into an extraordinary organisation; and continue to be committed to deliver value to all our stakeholders through sustaining growth in our businesses, protecting the environment, empowering lives of people and nurturing communities where we operate in. The Group will transform itself into a creator of catalytic technology. We will deploy our available resources including capital and knowledge to build innovation and create growth; develop our human capital to build capabilities and enhance knowledge; enable our technology to foster sustainable development; and create social impact to transform the lives of our community for a more inclusive and resilient environment.

As we deploy technology, we constantly remodel our products, services and technology portfolio around key foundational sustainability development that drive growth and solve global challenges, and at the same time seek to deliver sustainable returns over the long-term to all our stakeholders.

The Group will continue to build on the foundation of responsible management, responsible innovations, responsible employees and responsible green production and inclusive society and communities and responsible supply chain. Based on our core values of integrity, commitment, innovation, and customer trust, we hold ourselves to the highest standards of corporate governance. We believe employees are our most important asset and works actively to build a collaborative team with shared vision, balanced culture, and positive values. We provide customers with the most advanced and comprehensive process technologies and services through continuous innovation, green production, and sustainable supply chains friendly to the environment and take action to give back to society.

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

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

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

For more information about our overall corporate responsibility initiatives, see Frontken Sustainability website, as well as sustainability and related information. For more information about our business, see About Frontken Investor Relations on our website.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year ended 31 December 2021.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

This Statement, which is issued pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), provides an overview of the Company's application of the 3 Principles set out in the Malaysian Code on Corporate Governance ("MCCG") for the financial year under review and up to the date of this report. Specific details on how the Company has applied each of the 48 Practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.frontken.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

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

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

- Set the strategic direction of the Group and monitor the implementation of strategies by Management;
- Oversee the conduct of the Company's business;
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
- Succession planning;
- Oversee the development and implementation of shareholders' communications policy for the Company; and
- Review the adequacy and integrity of the management information and internal control system of the Company.

The Board Charter was brought up for review at the last Board of Directors' Meeting in July 2021 to bring it to be in line with the Principles and Practices of the MCCG 2021.

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

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

I. BOARD RESPONSIBILITIES (CONT'D)

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

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

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

The role of day-to-day management of the Group's business development and operations, including implementation of Board's policies and decisions, is helmed by the Chief Executive Officer, assisted by his fellow Executive Director. The Board is mindful of the dual role held by Ng Wai Pin as the Board Chairman and Chief Executive Officer which is a departure from Practice 1.3 of the MCCG that states that the positions of Chairman and the Chief Executive Officer are to be held by different individuals. The Board is of the view that there is no concentration of power and authority, and that no one individual has unfettered powers for decision making, especially when the Board comprises a majority of Non-Executive Directors. Furthermore, such Non-Executive Directors are individuals of calibre, credibility and are free from any relationship which could materially interfere with the exercise of their objective judgement. These four (4) Non-Executive Directors (three (3) of whom are Independent Non-Executive) are capable of exercising objective and unbiased judgement to ensure fair and objective deliberations at Board meetings.

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

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

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

I. BOARD RESPONSIBILITIES (CONT'D)

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

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

Continuous Professional Development

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

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

Directors	Training/Seminar/Conference/Workshop
Ng Wai Pin	• The Next Big Thing – Year Ahead 2021 • UBS ASEAN Tech Conference • Bursa Malaysia and Bloomberg – ESG in the new normal: A corporation's lens • Forbes Asia CEO Webinar; The Way Forward • Maybank and Bursa Malaysia's ESG in Investing: The Time is Now • Asia School of Business; Implementing Amendments in the Malaysian Code of Corporate Governance • 2021 Macquarie Technology Summit • IA 2021 Maybank and ASEAN Exchanges – ASEAN Beyond the Pandemicrisis • ASEAN New Finance: Crypto Opportunities and Hurdles • Macquarie ASEAN Conference • Credit Suisse 22nd Asian Technology Conference • MSIA – Seizing the Next Wave of E&E Investment into Malaysia • Semicon Taiwan ESG and Sustainable Manufacturing Summit • Malaysia National E&E Forum – Fuelling the Semiconductor Renaissance • Invest Malaysia 2021 – Economic Reform • BlackRock Asia Pacific C-Suite Summit • JPM Asia Rising Dragon Forum • Invest Malaysia 2021 – Series 3: Sustainable Growth • RHB Investment Bank – Global chip crunch • IMKL Series 3 – Sustainable Growth • Malaysia Budget 2022: Key Tax Changes affecting Businesses and Investors

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

I. BOARD RESPONSIBILITIES (CONT'D)

Continuous Professional Development (Cont'd)

Directors	Training/Seminar/Conference/Workshop
Dr Tay Kiang Meng	• SEMICON West 2021 • GO ESG ASEAN 2021 Virtual Summit • ASM Supplier Day 2021 Singapore • 2021 Scope & Materiality in Sustainability Reporting – S14 • 2021 ESG Webinar for FTSE4Good Bursa Malaysia Index • ESG in the new normal: A corporation's lens
Dato' Haji Johar Bin Murat @ Murad	• Conduct of Company Annual General Meetings
Ng Chee Whye	• Asia School of Business; Implementing Amendments in the Malaysian Code of Corporate Governance • Kini Events – YYC Group: Tracking Tax: Myths and Facts About Transfer Pricing
Gerald Chiu Yoong Chian	• Information Security • Private Equity Compliance refresher training
Koh Huey Min	• SC x SC Fintech Conference 2021 • Starbiz submit – Rebuilding The Nation's Economy In The Digital Reality 2022

II. BOARD COMPOSITION

The Board currently consists of six (6) members, comprising two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors, the composition of which accords with MMLR of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

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

The Executive Directors are complemented by the experience and independent views of the Non-Executive Directors who are professionals in the field of finance, accounting, administration, strategic and business management, and research and development. The Board members possess a fair range of business, finance, administration, research and development, and legal experience. The mixed skills and experience are pivotal in directing and supervising the Group's overall business activities in light of the increasingly challenging economic and operating environment in which the Group operates. The profile of each Director is set out on pages 20 to 22 of the Company's 2021 Annual Report.

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

II. BOARD COMPOSITION (CONT'D)

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

The Board has engaged an independent professional firm, BDO Governance Advisory Sdn Bhd, to conduct a Board effectiveness evaluation in November 2021 to assess the effectiveness of the Board, Board Committees and Individual Directors. The carefully designed and independently conducted Board evaluation process identified the strengths of the Board as well as areas for improvements. A detailed self-assessment is undertaken to assess the effectiveness of the Board as a whole and the Board Committees as well as the contribution and performance of each individual Director. The Board evaluation process was conducted via a set of questionnaires containing both quantitative and open-ended questions, based on self and peer-rating by the Chairman of the Board and respective Chairmen of the Board Committees, and interviewed with Board members via conference call to further discussed on relevant matters from the surveys.

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

At the end of the financial year under review, the Board has a Director, namely Dato' Haji Johar Bin Murat @ Murad, who has served for more than twelve (12) years as an Independent Non-Executive Director. Dato' Haji Johar bin Murat @ Murad has indicated that he would be retiring at the forthcoming 18th Annual General Meeting to be held later this year and this information will be added to the Notice of the 18th Annual General Meeting accordingly.

The NC has assessed the independence of the three Independent Non-Executive Directors, namely Dato' Haji Johar Bin Murat @ Murad, Ng Chee Whye and Koh Huey Min. Following the recommendation of the NC, the Board is of the opinion that the independence of the Independent Non-Executive Directors remained unimpaired and their judgement over business dealings of the Company were not influenced by the interest of the other Directors or substantial shareholders.

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

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

II. BOARD COMPOSITION (CONT'D)

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

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

III. REMUNERATION

The RC currently consists of four (4) members, with a new member Koh Huey Min appointed on 1 December 2021. A majority of the RC are Independent Non-Executive Directors. The RC is entrusted by the Board to implement the policies and procedures on matters relating to the remuneration of the Board and Senior Management and making recommendations on the same to the Board for approval.

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

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

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

Pursuant to the MMLR of Bursa Securities, the Company is required to disclose the remuneration received by its directors, on a named basis, for the financial year under review from the Company and the Group, covering fees, salaries, bonuses, benefits-in-kind and others. Full details of such remuneration received by the Directors on a named basis are disclosed under Practice 8.1 of the Corporate Governance Report of the Company which is uploaded on the corporate website at www.frontken.com.

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

III. REMUNERATION (CONT'D)

Meetings of the Board and Board Committees

During the financial year under review, the Board convened six (6) meetings whilst the Audit Committee, NC and RC held five (5), three (3) and two (2) meetings respectively. The attendance of the members at the said meetings is set out below:

Name of Director	Board	Audit Committee	NC	RC
Ng Wai Pin – Chairman of Board and Chief Executive Officer and Chairman of RC until he was redesignated to be a member of RC on 25 February 2022	6/6	N/A	N/A	2/2
Dr Tay Kiang Meng – Executive Director	6/6	N/A	N/A	N/A
Dato' Haji Johar Bin Murat @ Murad – Independent Non-Executive Director and Chairman of Audit Committee, up to his resignation on 25 February 2022 and Chairman of NC	6/6	5/5	3/3	2/2
Ng Chee Whye – Independent Non-Executive Director and Chairman of Audit Committee and RC w.e.f. 25 February 2022	6/6	5/5	3/3	2/2
Gerald Chiu Yoong Chian – Non-Independent Non-Executive Director	6/6	5/5	3/3	N/A
Koh Huey Min – Independent Non-Executive Director (appointed on 1 December 2021)	N/A	N/A	N/A	N/A

PRINCIPLE B – EFFECTVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising three (3) Non-Executive Directors, with Dato' Haji Johar Bin Murat @ Murad, an Independent Non-Executive Director, as the Committee Chairman, until his resignation of a member of the Audit Committee on 1 December 2021. Ng Chee Whye, was subsequently appointed the Chairman of the Audit Committee on 25 February 2022. The Committee's composition, including its roles and responsibilities as well as a summary of its activities carried out during the financial year under review, are set out in the Audit Committee Report on pages 58 to 61 of this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

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

To enhance transparency and governance, the Audit Committee has also formalised the Policies And Procedures To Assess The Suitability, Objectivity And Independence Of External Auditors that requires a former audit partner to observe a cooling-off period of at least three (3) years if this person is sought to be appointed as an Audit Committee member. This applies to all partners of the external audit firm and/or its affiliate firm. The cooling off period safeguards the independence of the audit by avoiding the potential threats which may arise when a former partner of the external audit firm is in position to exert significant influence over the audit and preparation of the Company's financial statements.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

The Audit Committee assists the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The Audit Committee does this by deploying an independent outsourced internal audit function as well as an in-house internal audit function that conduct internal audit, with findings presented to the Audit Committee, including the remedial measures and action plans agreed by Management to address the matters so highlighted. For more details of Internal Audit, both for the outsourced and in-house functions, refer to the Statement on Risk Management and Internal Control which is included in the Company's 2021 Annual Report as well as the Corporate Governance Report that is made available on the Company's website at www.frontken.com.

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

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

I. COMMUNICATION WITH STAKEHOLDERS

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

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

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

II. CONDUCT OF GENERAL MEETINGS

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

The 17th AGM of the Company was held virtually on 3 June 2021 through live steaming from the broadcast venue at Suite 301, Block F, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara,46350 Petaling Jaya, Selangor and online remote voting via remote participation and voting facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the online remote polling process and Scrutineer Solutions Sdn Bhd as Scrutineers to verify the poll results.

There was active participation by the shareholders and all Directors were present to engage with shareholders. Moreover, Management and external auditors were also in attendance to respond to shareholders' queries. A total of 85 questions covering the Company's financial and non-financial performance were posted by the shareholders prior and during the AGM and they were all answered. The completed list of questions together with the answers were posted on Bursa Securities' website on 5 July 2021 together with the minutes of the AGM.

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

This Statement is dated 22 March 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

PURPOSE OF STATEMENT

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

Accordingly, the Board of Directors ("Board") of Frontken Corporation Berhad ("Company") furnishes this Statement, which outlines the nature and scope of the system of risk management and internal control in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2021 and up to the date of approval of this Statement for inclusion in the Company's Annual Report. For the purpose of disclosure, this Statement has considered and, where pertinent, included the mandatory contents outlined in the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers", a publication of Bursa Securities, which sets out guidance to listed issuers in drafting the Statement.

BOARD'S RESPONSIBILITY ON RISK MANAGEMENT AND INTERNAL CONTROL

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

In view of the inherent limitations in any system of risk management and internal control ("System"), the System is designed to manage, rather than eliminate, the risk of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance established by the Board and Management. The System can, therefore, only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraud.

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

RISK MANAGEMENT FRAMEWORK – EXTENT OF COVERAGE

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK – EXTENT OF COVERAGE (CONT'D)

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

Details of specific risks are documented in individual risk registers, covering the risk description, root causes, risk consequences, internal controls implemented by Management to address the root causes, Management's assessment of the effectiveness of internal controls and the residual risk rating, i.e. the balance of risk after considering the effects of internal controls deployed to manage the exposure. The action plans that Management has taken and/or is taking to mitigate the risks to acceptable levels are reported by the RMUs to the Audit Committee and the outcome is documented in the Audit Committee meeting minutes, including any comments that the Audit Committee may have and such meeting minutes were also presented to the Board. The Audit Committee is tasked to brief the Board the outcome of the risk update and mitigating measures deployed, including any significant issues therefrom. For each of the business risks identified, a risk owner is entrusted to ensure appropriate actions are taken to mitigate the risk to an acceptable level within specified timeline. The Risk Coordinator of the Group, when reviewing the risk update carried out by business units, enquires into the status of action plans undertaken by Management of the business units concerned before reporting to the Audit Committee. During the financial year under review, there were twelve (12) additional risks identified by the business units encompassed risks on operation and regulatory compliance which residual risks remain significant such as health and safety of staff, risk of community and workplace transmission, disruption to supply chains and business operations due to travel restrictions and shortened working hours, logistics disruptions and delays and higher costs arising from SOP compliance with the outcome reported by the Risk Coordinator to the Audit Committee and thereafter to the Board for further comments. The operations of the Group were not disrupted significantly by the COVID-19 pandemic and could operate as usual with minimal interruption.

INTERNAL CONTROL SYSTEM – THE KEY FEATURES

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL SYSTEM – THE KEY FEATURES (CONT'D)

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

- the Audit Committee, which is entrusted by the Board to oversee, amongst others, the Company's financial reporting process, in particular the quarterly and annual announcements of the Group's financial performance, meets at least quarterly to review the announcements, seeks clarification and explanations from Management before recommending the announcements to the Board for approval;
- internal policies and procedures on key business processes are formalised in writing for application by personnel across the Group. These policies and procedures provide the necessary guidance to personnel on complying with internal control requirements and applicable laws and regulations;
- structured whistle-blower policies and procedures are formalised in writing to enable employees of the Group to raise genuine concerns about suspected improprieties on matters of financial reporting, non-compliance with laws and regulations, malpractices or unethical business conduct within the Group at the earliest opportunity and in an appropriate way without fear of reprisal. Ng Chee Whye, the Independent Non-Executive Director, with his contact details uploaded to the website of the Company is the person to contact on such concerns; and
- where issues arise that affect the reliability and integrity of financial information of any business unit, special audits are commissioned by the Audit Committee or Senior Management, as the case may be, to assist the Board in fulfilling its oversight responsibilities.

INTERNAL AUDIT FUNCTION – ITS COMPOSITION AND SCOPE OF COVERAGE

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

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

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

The outsourced internal audit team is helmed by an average of four (4) professionals from the firm, a corporate member of the Institute of Internal Auditor Malaysia. The team is led by So Hsien Ying, a Certified Internal Control Professional, was to conduct an assessment of the Group's system of internal control during the financial year under review, focusing on selected significant business units and reporting its observations, including Management's response and action plans thereto, directly to the Audit Committee. However, due to cross borders travel restrictions, the internal audit was pushed back by one quarter and the audit plan was changed by swapping the auditee entities. The internal audit function also conducted a follow-up on the status of implementation of action plans by Management on the recommendations highlighted, as deemed relevant. The Audit Committee took note of the recommended improvement actions and questions were posed to Management on the timeliness of measures to address the issues as reported.

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

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

The internal audit plan for the financial year was prepared based largely on the Group's financial information and the relative risks of the business units to the achievement of the Group's business objectives. This approach deployed aligns with the International Professional Practices Framework of the Institute of Internal Auditors Inc. ("IIA"), which encompasses, inter-alia, the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards for the Professional Practice of Internal Auditing, and the IIA Risk Based Internal Auditing Guidance. For the financial year ended 31 December 2021, Sterling could only cover the internal audit of one of the business units in Malaysia on the areas of concern, namely, Procurement and Sourcing; Engineering Services and Project Management and Safety, Health, and Environment. The audit was conducted wholly virtually and supplemented by documentary evidence and photographs and other best alternatives modes to close the gaps as much as possible in the absence of physical observations.

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

- Remotely performed the audit, assessed the possible impact of remote working has on the assessment of the control environment and practicalities as well as how the audit review would need to be undertaken to ensure internal audit assurance work is not compromised. Selected sample documents, obtained electronic documentation and requested evidence as far as possible in advance.

- Identified all key stakeholders of the entity reviewed and understood their availability during planned fieldwork dates. Scheduled discussion time sessions with individuals to undertake remote walkthroughs, progress updates and discuss emerging findings and improvement actions.

- Adopted the use of new technologies to deliver the review, such as Zoom for virtual meetings. Retained recording of such interactions to enhance internal audit evidence.

- Conducted analytical review to deliver internal audit assurance works remotely and focus on outliers.

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

In-house internal audit coverage (only Taiwan operations)

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

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

In-house internal audit coverage (only Taiwan operations) (cont'd)

The in-house internal audit plan for the financial year under review was prepared based largely on AGTC's financial information and the relative risks to the achievement of AGTC's business objectives. The in-house internal auditor adopted a process life cycle approach in identifying the auditable areas in AGTC. For the financial year ended 31 December 2021, the following areas were selected for internal audit with AGTC's Board's concurrence:

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

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

For the financial year ended 31 December 2021, the Audit Committee of the Company as well as Board of AGTC reviewed the work of the internal audit functions, outsourced and in-house, as the case may be, their observations and recommendations in order to obtain assurance on the adequacy and operating effectiveness of the Group's risk management and internal control system. The total cost incurred by the Group for the internal audit functions (both in-house and outsourced) for the financial year under review amounted to approximately RM211,000 (2020: RM243,000).

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

External Auditors

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

In assisting the Board to assess the adequacy and operating effectiveness of the Group's risk management and internal control system, the Audit Committee reviewed the observations raised by the internal and external auditors, as well as actions taken by Management to address the areas of concern for the financial year ended 31 December 2021. The Audit Committee reported to the Board the outcome of its engagement with the internal and external auditors concerning the adequacy and operating effectiveness of the Group's system of risk management and internal control.

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

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

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

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

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

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa Securities' Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Company's Annual Report for the financial year ended 31 December 2021. The external auditors have reported to the Board that, based on their review procedures performed and evidence obtained, nothing has come to their attention that caused them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues to be set out, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board of Directors dated 22 March 2022.

AUDIT COMMITTEE REPORT

(A) COMPOSITION AND ATTENDANCE

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

Name	Director	Position
Ng Chee Whye	Independent Non-Executive	Chairman of Audit Committee
Gerald Chiu Yoong Chian	Non-Independent Non-Executive	Member
Koh Huey Min	Independent Non-Executive	Member

Koh Huey Min was appointed as a member of the Audit Committee on the same date she was appointed a Director of the Company on 1 December 2021.

Dato' Haji Johar Bin Murat @ Murad was the former Chairman of the Audit Committee until his resignation on 1 December 2021. Following that, Ng Chee Whye was redesignated as the Chairman of the Audit Committee at the Audit Committee Meeting held on 25 February 2022.

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

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

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

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

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

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

    (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

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

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

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

(B) MEETINGS

There were altogether five (5) meetings held during the financial year under review.

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

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

(C) ROLES AND RESPONSIBILITIES

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

(D) AUTHORITY

The Audit Committee has the authority to:

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

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

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

- Reviewed the unaudited quarterly and year-end financial statements prior to recommending the same for the Board's approval, focusing particularly on significant and unusual events and compliance with applicable approved accounting standards and other legal requirements. To assist the Audit Committee in this process, the Chief Financial Officer of the Company provided charts and explanations to elucidate on the fluctuations in Group's financial performance over the four financial quarters, including the financial position of the Group in terms of its cash flows for the quarters concerned;

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

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

- Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report and the Statement on Risk Management and Internal Control prior to recommending the same for Board's approval for inclusion in the Company's Annual Report;

- Reviewed the appointment of the External and Internal auditors, their independence and effectiveness, including their fees. The amount of fees paid or payable to the External Auditors of the Company or a firm or company affiliated to the External Auditors for the financial year under review in respect of non-audit services rendered to the Company and the Group amounted to approximately RM5,000 and RM11,000 respectively;

- Reviewed with the External Auditors their audit planning memorandum, comprising the scope of audit, areas of audit emphasis, audit approach and timetable;

- Met with the External Auditors on their audit report, Audit Review Memorandum and key audit matters;

- Reviewed the issues raised by the External Auditors pertaining to the audit carried out on the financial statements, including opportunities for improvement to internal controls based on observations made in the course of the audit;

- Reviewed the adequacy of the scope, functions, competency and resources of the Internal Audit Function, and that it has the necessary authority to carry out its work;

- Reviewed and approved the Internal Audit Plan tabled by the outsourced independent Internal Audit Function, reviewed the scope of work coverage by the outsourced Internal Audit Function for the financial year under review, including the results of evaluation of adequacy of the internal control system, as well as Management's response to recommendations for improvement, on the reports from the outsourced Internal Audit Function;

- Noted the outcome of internal audit work and issues raised by the in-house Internal Auditor covering the Taiwan operations, including Management action plans;

- Briefed the Board the outcome of the meetings of the Audit Committee, covering largely the work and results of the External Auditors and Internal Audit Function, recurrent related party transactions, quarterly announcements and year-end financial statements as well as the risk management update of the Group;

- Reviewed the related party transactions within the Group;

- Reviewed the summary reports on risk management of the Group as presented by the Risk Management Units on the status of risks faced by the Group, including emerging risks, and action plans deployed to manage the risks concerned to acceptable levels; and

- Evaluated the performance of the External Auditors in meeting the requirements of the Company before recommending to the Board for the tabling of their re-appointment at the Annual General Meeting for approval by shareholders. During the year, the Audit Committee has reviewed and approved to recommend to the Board to approve the Policies and Procedures to assess the suitability, objectivity and independence of external auditors. The Board has approved the same and it has since been uploaded to the Company's website.

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

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

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

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

This Report is dated 22 March 2022.

ADDITIONAL DISCLOSURE

1. AUDIT FEES AND NON-AUDIT FEES

During the financial year, the audit fees paid or payable by the Company and the Group to our external auditors in respect of audit of the financial statements for the financial year ended 31 December 2021 amounted to approximately RM126,000 and RM561,000 respectively.

The non-audit fees paid or payable to a member firm of external auditors, Crowe Malaysia PLT by the Company and the Group during the financial year ended 31 December 2021 amounted to approximately RM5,000 and RM11,000 respectively.

2. MATERIAL CONTRACT

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of FRONTKEN CORPORATION BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	114,221,907	82,870,156
Attributable to:-		
Owners of the Company	104,503,927	82,870,156
Non-controlling interests	9,717,980	-
	114,221,907	82,870,156

DIVIDENDS

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

	RM
In respect of the financial year ended 31 December 2020	
- Second interim single-tier dividend of 2.8 sen per ordinary share on 1,047,968,530 ordinary shares, paid on 8 April 2021	29,343,118
In respect of the financial year ended 31 December 2021	
- First interim single-tier dividend of 1.5 sen per ordinary share on 1,570,951,425 ordinary shares, paid on 17 September 2021	23,564,271

On 25 February 2022, the Company declared and approved a second interim single-tier dividend of 2.5 sen per ordinary share on 1,570,951,425 ordinary shares, payable on 13 April 2022, in respect of the financial year ended 31 December 2021 amounting to RM39,273,785. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

(a) During the financial year, the Company increased its issued and fully paid-up number of ordinary shares from 1,053,435,130 to 1,580,152,675 by way of:-

  (i) Issuance of 526,717,545 bonus shares at no consideration together with 524,137,195 free detachable warrants on the basis of 1 bonus share together with 1 warrant for every 2 existing ordinary shares held on 28 April 2021.

  (ii) An amount of RM484,307 was utilised out of share capital for corporate exercise expenses.

  The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

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

TREASURY SHARES

During the financial year, the Company sold 305,900 of its treasury shares at an average price of RM5.43 per share in the open market and repurchased 1,460,200 of its ordinary shares from the open market at an average price of RM2.82 per share.

The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from total equity.

As at 31 December 2021, the Company held 9,201,250 treasury shares at a carrying amount of RM4,747,849. The details on the treasury shares are disclosed in Note 22 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

WARRANTS

On 4 May 2021, the Company issued 524,137,195 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll dated 14 April 2021 and each warrant entitles the registered holder the right at any time during the exercise period from 4 May 2021 to 3 May 2026 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM4 each.

WARRANTS (CONT'D)

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2021, the total number of warrants that remain unexercised were 524,137,195 units. The details of the warrants are disclosed in Note 23 to the financial statements.

OTHER FINANCIAL INFORMATION

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

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

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

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

(a) which would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company; or

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

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

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

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

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

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

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

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

DIRECTORS

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

Ng Wai Pin
Dato' Haji Johar Bin Murat @ Murad
Dr. Tay Kiang Meng
Chiu Yoong Chian Gerald
Ng Chee Whye
Koh Huey Min *(Appointed on 1 December 2021)*

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

Hee Kok Hiong
Sia Chiok Meng
Lee Boon Tian
Mohd. Shukri Bin Hitam
Fauziah Binti Hamlawi
George I.Lagos
Andres Seno, Jr.
Glenn A.Lagos
Jolene Chay
Wong Chee Wai

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares				
	At 1.1.2021	Bonus issue	Bought	Sold	At 31.12.2021
Shares in the Company					
Direct Interests					
Ng Wai Pin	6,712,900	3,356,450	60,000	-	10,129,350
Dr. Tay Kiang Meng	9,404,808	4,702,404	-	-	14,107,212
Ng Chee Whye	20,000	10,000	95,000	-	125,000
Indirect Interests					
Ng Wai Pin[1]	213,891,473	106,945,736	-	(56,800,000)	264,037,209
Ng Chee Whye[2]	125,720	62,860	-	-	188,580

DIRECTORS' INTERESTS (CONT'D)

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

	Number of Warrants			
	At 1.1.2021	Granted	Sold	At 31.12.2021
Warrants in the Company				
Direct Interests				
Ng Wai Pin	-	3,356,450	-	3,356,450
Dr. Tay Kiang Meng	-	4,702,404	-	4,702,404
Ng Chee Whye	-	10,000	-	10,000
Indirect Interests				
Ng Wai Pin[1]	-	106,945,736	(1,255,000)	105,690,736
Ng Chee Whye[2]	-	62,860	-	62,860

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

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

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

DIRECTORS' REPORT
(CONT'D)

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 30 to the financial statements.

AUDITORS

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

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

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

NG WAI PIN

DATO' HAJI JOHAR BIN MURAT @ MURAD

22 March 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTKEN CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frontken Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 158.

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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

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

Impairment of Goodwill on Consolidation Refer to Note 14 to the financial statements.	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group has goodwill of approximately RM33.8 million comprised within the 3 cash-generating units ("CGU"). For the CGUs which comprised goodwill, the determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use, requires judgement on the part of management in identifying and then valuing the relevant CGUs. The value-in-use models used to assess the risk of impairment are based on assumptions including revenue forecasts, gross and operating margins and discount rates, all of which are country-specific. We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, profit margins, discount rates and terminal value.	Our procedures included, amongst others:- a) Making enquiries of and challenging the management on the key assumptions made, including:- i. the achievement of the business plan; and ii. sales growth, operating margin, discount rates and long-term growth rates; b) Performing sensitivity analysis on key assumptions and agreeing with management's conclusion to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired; and c) Assessing the adequacy of disclosure of goodwill in the financial statements.

Key Audit Matters (Cont'd)

Recoverability of Trade Receivables Refer to Note 17 to the financial statements.	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The trade receivables of the Group amounted to approximately RM116 million and it constituted 25% of the total current assets of the Group. We focused on this area due to the outstanding receivable balances which exceeded the credit term of 90 days granted by the Group. The total outstanding balances which exceeded the credit term amounted to approximately RM21.5 million is considered to be of a major credit risk. The assessment of recoverability of these outstanding receivables involved judgement and estimation of uncertainty by Management.	Our procedures included, amongst others:- a) Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy and historical data from the Group's previous collection experience; b) Reviewing the Group's subsequent collection after the financial year for major receivables; c) Reviewing the expected credit loss assessment by challenging whether the historic experience is representative of the current circumstances and of recent losses incurred in the receivables and assessing the reasonableness of forward-looking adjustments; and d) Assessing the adequacy of disclosure in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTKEN CORPORATION BERHAD (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

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

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

Ngiam Mia Teck
03000/07/2022 J
Chartered Accountant

Kuala Lumpur

22 March 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Revenue	5	450,222,252	368,319,464	90,533,364	65,821,156
Cost of sales		(236,382,037)	(202,947,457)	-	-
Gross profit		213,840,215	165,372,007	90,533,364	65,821,156
Other income		5,846,641	11,025,441	721,259	600,929
Administrative expenses		(57,588,747)	(50,434,081)	(6,930,404)	(6,208,955)
Other operating expenses		(11,757,301)	(10,841,806)	(45,593)	(82,899)
Finance costs	6	(614,836)	(666,716)	-	(4,848)
Net impairment losses on financial assets	7	140,503	(202,171)	-	-
Profit before tax	8	149,866,475	114,252,674	84,278,626	60,125,383
Income tax expense	9	(35,644,568)	(25,934,916)	(1,408,470)	(985,976)
Profit after tax		114,221,907	88,317,758	82,870,156	59,139,407
Other comprehensive income, net of tax					
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Actuarial loss		(35,407)	(74,211)	-	-
Items that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		15,862,298	10,211,008	-	-
Total comprehensive income for the financial year		130,048,798	98,454,555	82,870,156	59,139,407
Profit after tax attributable to:-					
Owners of the Company		104,503,927	81,967,529	82,870,156	59,139,407
Non-controlling interests		9,717,980	6,350,229	-	-
		114,221,907	88,317,758	82,870,156	59,139,407
Total comprehensive income attributable to:-					
Owners of the Company		119,059,328	91,213,507	82,870,156	59,139,407
Non-controlling interests		10,989,470	7,241,048	-	-
		130,048,798	98,454,555	82,870,156	59,139,407
Earnings per ordinary share attributable to owners of the Company					
Basic (sen)	10	6.65	5.21		
Diluted (sen)	10	6.65	5.21		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	197,794,915	121,687,511	5,307	2,301
Right-of-use assets	12	24,471,107	17,309,864	-	-
Investments in subsidiaries	13	-	-	148,572,993	144,332,559
Goodwill on consolidation	14	33,760,856	33,760,856	-	-
Deferred tax assets	15	1,909,744	2,602,639	-	-
Total Non-Current Assets		257,936,622	175,360,870	148,578,300	144,334,860
Current Assets					
Inventories	16	19,608,164	19,976,192	-	-
Trade receivables	17	115,599,901	103,137,347	-	-
Other receivables, deposits and prepaid expenses	17	10,123,616	7,531,333	69,142	25,467
Amount owing by subsidiaries	18	-	-	4,175,000	28,788,798
Current tax assets		-	75,147	-	-
Short-term investments	19	51,737,748	8,332,527	48,643,961	3,302,234
Fixed deposits with licensed banks	20	14,008,250	13,389,638	-	-
Cash and bank balances		249,621,250	290,468,269	9,837,068	6,834,025
Total Current Assets		460,698,929	442,910,453	62,725,171	38,950,524
Total Assets		718,635,551	618,271,323	211,303,471	183,285,384

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONT'D)

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	21	118,441,045	118,925,352	118,441,045	118,925,352
Treasury shares	22	(4,747,849)	(663,237)	(4,747,849)	(663,237)
Reserves	23	387,162,157	321,732,849	92,165,151	60,582,527
Equity attributable to owners of the company		500,855,353	439,994,964	205,858,347	178,844,642
Non-controlling interests	13	34,225,280	27,039,261	-	-
Total Equity		535,080,633	467,034,225	205,858,347	178,844,642
Non-Current Liabilities					
Lease liabilities	24	18,748,889	9,532,412	-	-
Other payables	25	2,930,914	2,845,851	-	-
Deferred tax liabilities	15	615,155	447,902	-	-
Total Non-Current Liabilities		22,294,958	12,826,165	-	-
Current Liabilities					
Trade payables	25	21,463,171	18,830,813	-	-
Other payables and accrued expenses	25	115,272,883	99,155,375	5,445,124	4,440,742
Lease liabilities	24	2,559,942	2,795,816	-	-
Current tax liabilities		21,963,964	17,628,929	-	-
Total Current Liabilities		161,259,960	138,410,933	5,445,124	4,440,742
Total Liabilities		183,554,918	151,237,098	5,445,124	4,440,742
Total Equity and Liabilities		718,635,551	618,271,323	211,303,471	183,285,384

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

The Group	Share capital RM	Treasury shares RM	Non-distributable Foreign currency translation reserve RM	Non-distributable Statutory reserve RM	Distributable Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total Equity RM
Balance at 1 January 2021	118,925,352	(663,237)	39,130,404	17,704,302	264,898,143	439,994,964	27,039,261	467,034,225
Other comprehensive income recognised for the financial year:								
- defined benefit plan actuarial loss	-	-	-	-	(35,030)	(35,030)	(377)	(35,407)
- foreign currency translation differences	-	-	14,590,431	-	-	14,590,431	1,271,867	15,862,298
Profit after tax for the financial year	-	-	-	-	104,503,927	104,503,927	9,717,980	114,221,907
Total comprehensive income for the financial year	-	-	14,590,431	-	104,468,897	119,059,328	10,989,470	130,048,798
Contributions by and distributions to owners of the Company:								
- Purchase of treasury shares	-	(4,120,170)	-	-	-	(4,120,170)	-	(4,120,170)
- Disposal of treasury shares	-	35,558	-	-	1,619,857	1,655,415	-	1,655,415
- Share issuance expenses	(484,307)	-	-	-	-	(484,307)	-	(484,307)
- Dividends:								
- by the Company	-	-	-	-	(52,907,389)	(52,907,389)	-	(52,907,389)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	(1,905,505)	(1,905,505)
- Transfer to statutory reserve	-	-	-	6,812,960	(6,812,960)	-	-	-
- Striking off of subsidiary	-	-	555,741	-	(555,741)	-	-	-
- Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(2,342,488)	(2,342,488)	(1,897,946)	(4,240,434)
Balance at 31 December 2021	118,441,045	(4,747,849)	54,276,576	24,517,262	308,368,319	500,855,353	34,225,280	535,080,633

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

The Company	Share capital RM	Treasury shares RM	Distributable Retained earnings RM	Total Equity RM
Balance at 1 January 2020	118,925,352	(663,237)	29,738,270	148,000,385
Profit after taxation/Total comprehensive income for the financial year	-	-	59,139,407	59,139,407
Contribution by and distributions to owners of the Company:				
- Dividend	-	-	(28,295,150)	(28,295,150)
Balance at 31 December 2020	118,925,352	(663,237)	60,582,527	178,844,642
Balance at 1 January 2021	118,925,352	(663,237)	60,582,527	178,844,642
Profit after taxation/Total comprehensive income for the financial year	-	-	82,870,156	82,870,156
Contribution by and distributions to owners of the Company				
- Purchase of treasury shares	-	(4,120,170)	-	(4,120,170)
- Disposal of treasury shares	-	35,558	1,619,857	1,655,415
- Share issuance expenses	(484,307)	-	-	(484,307)
- Dividend	-	-	(52,907,389)	(52,907,389)
Balance at 31 December 2021	118,441,045	(4,747,849)	92,165,151	205,858,347

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before tax	149,866,475	114,252,674	84,278,626	60,125,383
Adjustments for:				
Depreciation of property, plant and equipment	14,573,386	15,274,424	1,383	1,505
Depreciation of right-of-use assets	3,101,127	3,149,038	-	94,956
Interest expense	614,836	666,716	-	4,848
Unrealised loss on foreign exchange	92,091	612,699	45,633	244,238
Allowance for impairment losses on trade receivables	64,043	202,171	-	-
Property, plant and equipment written off	2,714	180,304	-	-
Gain on lease modification	-	(725)	-	-
Interest income	(840,722)	(1,249,835)	(269,458)	(301,006)
Gain on disposal of property, plant and equipment	(25,770)	(1,555,110)	-	-
Writeback of allowance for impairment losses on trade receivables	(204,546)	-	-	-
Dividend income from subsidiaries	-	-	(90,483,564)	(65,771,356)
Operating Profit/(Loss) Before Working Capital Changes	167,243,634	131,532,356	(6,427,380)	(5,601,432)
Decrease/(Increase) in:				
Inventories	1,086,695	(4,402,509)	-	-
Trade receivables	(8,966,769)	(14,864,868)	-	-
Other receivables and prepaid expenses	(2,536,644)	(87,320)	(43,674)	54,312
Increase in:				
Trade payables	1,958,608	1,398,854	-	-
Other payables and accrued expenses	11,051,943	29,036,331	1,004,382	552,219
Cash Generated From/(For) Operations	169,837,467	142,612,844	(5,466,673)	(4,994,901)
Taxes paid	(31,062,257)	(22,879,468)	-	-
Net Cash From/(For) Operating Activities	138,775,210	119,733,376	(5,466,673)	(4,994,901)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(82,830,229)	(7,741,085)	(4,388)	(1,629)
Addition of right-of-use assets	-	(680)	-	-
Dividend received from subsidiaries	-	-	113,688,891	36,158,583
Additional investment in an existing subsidiary (Note 13)	(4,240,434)	(775,870)	(4,240,434)	(775,870)
Proceeds from disposal of property, plant and equipment	25,771	2,005,346	-	-
Net placement of fixed deposits with licensed banks	(8,332)	(6,637,216)	-	-
Interest received	840,722	1,249,835	269,458	301,006
Net Cash (For)/From Investing Activities	(86,212,502)	(11,899,670)	109,713,527	35,682,090
CASH FLOWS FOR FINANCING ACTIVITIES				
Decrease in amount owing to subsidiaries (Note 29(a))	-	-	-	(3,431,325)
Drawdown of term loan	-	1,429,690	-	-
Repayment of term loans (Note 29(a))	-	(2,272,639)	-	-
Interest paid	(614,836)	(666,716)	-	(4,848)
Dividend paid by the Company (Note 26)	(52,907,389)	(28,295,150)	(52,907,389)	(28,295,150)
Dividend paid by a subsidiary to non-controlling interests	(1,421,505)	(756,391)	-	-
Payment of lease liabilities (Note 29(a))	(3,191,224)	(3,387,979)	-	(97,272)
Proceeds from disposal of treasury shares	1,655,415	-	1,655,415	-
Purchase of treasury shares	(4,120,170)	-	(4,120,170)	-
Share issuance expenses (Note 21)	(484,307)	-	(484,307)	-
Net Cash For Financing Activities	(61,084,016)	(33,949,185)	(55,856,451)	(31,828,595)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,521,308)	73,884,521	48,390,403	(1,141,406)
Effect of exchange rate changes	11,079,510	6,247,530	(45,633)	(244,239)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	299,800,796	219,668,745	10,136,259	11,521,904
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 29(b))	302,358,998	299,800,796	58,481,029	10,136,259

Note:-

In the current financial year, the Group acquired right-of-use assets at an aggregate cost of RM11,839,512 (2020 : RM668,642), of which Nil (2020 : RM149,080) was acquired under hire-purchase arrangements.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 22 March 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions

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

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

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

3. SIGNIFICANT ACCOUNTING POLICIES

Critical Accounting Estimates And Judgements

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

Key Sources of Estimation Uncertainty

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

(i) Impairment of Goodwill on Consolidation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates And Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(iv) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amounts of current tax asset and liabilities of the Group as at the reporting date are Nil and RM21,963,964 (2020: RM75,147 and RM17,628,929) respectively.

(v) Deferred Tax Assets

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

(vi) Impairment of Trade Receivables

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

(vii) Write-down of Inventories

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

(viii) Impairment of Non-Trade Receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates And Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies

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

Lease Terms

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

Operating Segments

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

Revenue from Contracts with Customers and Other Income

(i) Revenue from Contracts with Customers

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Revenue from Contracts with Customers (Cont'd)

Sale of Goods

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

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

Rendering of Services

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

(ii) Management Fee

Management fee is recognised on an accrual basis.

(iii) Interest Income

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

(iv) Dividend Income

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

(v) Lease Income

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

Income Taxes

(i) Current Tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes (Cont'd)

(ii) Deferred Tax

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

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

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

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

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

Government Grants

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

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

Borrowing Costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

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

(iii) Defined Benefit Plans

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

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

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss under the staff costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

Basis of Consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

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

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

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

(d) Loss of Control

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

(d) Loss of Control (Cont'd)

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

Goodwill

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

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

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

Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

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

(ii) Foreign Currency Transactions and Balances

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional and Foreign Currencies (Cont'd)

(iii) Foreign Operations

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

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

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

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

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

Financial Instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

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

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

(i) Financial Assets

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

Debt Instruments

- Amortised Cost

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

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

- Fair Value through Other Comprehensive Income

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

- Fair Value through Profit or Loss

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

Equity Instruments

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

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

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

(ii) Financial Liabilities

- Financial Liabilities at Fair Value through Profit or Loss

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

- Other Financial Liabilities

  Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

(iii) Equity Instruments

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

- Ordinary Shares

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(iii) Equity Instruments (Cont'd)

- Treasury Shares

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

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

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

(iv) Derecognition

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

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

(v) Financial Guarantee Contracts

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments in Subsidiaries

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

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

Impairment

(i) Impairment of Financial Assets

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

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

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

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

(ii) Impairment of Non-Financial Assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately.

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

Leases

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

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

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

Cash and Cash Equivalents

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

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

Provisions

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Earnings Per Ordinary Share

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

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

4. OPERATING SEGMENTS

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

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

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

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

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

4. OPERATING SEGMENTS (CONT'D)

The Group 2021	Geographical segment Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Indonesia RM	Elimination RM	Reportable segment Total RM
Revenue							
External revenue	63,855,728	60,000,552	15,356,743	310,418,972	590,257	-	450,222,252
Inter-segment revenue	5,157,600	650,839	-	591,218	-	(6,399,657)	-
Total revenue	69,013,328	60,651,391	15,356,743	311,010,190	590,257	(6,399,657)	450,222,252
Results							
Segment profit/(loss) before interest and tax	100,325,237	18,650,829	2,505,835	119,046,698	(404,084)	(90,483,926)	149,640,589
Interest income							840,722
Finance costs							(614,836)
Profit before tax							149,866,475
Income tax expense							(35,644,568)
Profit after tax							114,221,907

4. OPERATING SEGMENTS (CONT'D)

The Group 2021	Geographical segment Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Indonesia RM	Elimination RM	Reportable segment Total RM
Assets							
Non-current assets							
- Property, plant and equipment	16,070,273	18,574,771	769,802	161,547,100	832,969	-	197,794,915
- Right-of-use assets	4,068,256	7,160,006	851,114	11,616,399	775,332	-	24,471,107
- Deferred tax assets	-	-	5,518	1,904,226	-	-	1,909,744
- Goodwill	33,760,856	-	-	-	-	-	33,760,856
Current assets	69,743,497	23,460,699	21,864,925	321,144,060	467,581	24,018,167	460,698,929
Consolidated total assets							718,635,551
Liabilities							
Tax liabilities	1,056,028	3,659,778	6,665	17,856,648	-	-	22,579,119
Segment liabilities	20,810,523	16,106,036	5,480,726	126,883,698	9,570,564	(17,875,748)	160,975,799
Consolidated total liabilities							183,554,918
Other Information							
Capital expenditure	2,975,108	768,220	17,859	79,069,042	-	-	82,830,229
Depreciation	2,665,826	3,504,573	1,452,352	9,825,054	226,708	-	17,674,513
Other non-cash items							
- income	33,937	937,780	-	-	18,878	-	990,595
- expenses	45,734	37,610	77,451	731,899	26,433	-	919,127

4. OPERATING SEGMENTS (CONT'D)

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

4. OPERATING SEGMENTS (CONT'D)

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

4. OPERATING SEGMENTS (CONT'D)

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

	The Group 2021 RM	The Group 2020 RM
Allowance for impairment losses on receivables	64,043	202,171
Unrealised loss on foreign exchange	852,370	612,699
Property, plant and equipment written off	2,714	180,304
	919,127	995,174
Writeback of allowance for impairment losses on trade receivables	(204,546)	-
Gain on disposal of property, plant and equipment	(25,770)	(1,555,110)
Unrealised gain on foreign exchange	(760,279)	-
	(990,595)	(1,555,110)

Major customers

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

	Revenue 2021 RM	Revenue 2020 RM	Segment
Customer 1	158,359,805	132,942,937	Taiwan

5. REVENUE

	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Provision of services	418,495,231	341,429,815	-	-
Sale of goods	31,727,021	26,889,649	-	-
Dividend income from subsidiaries	-	-	90,483,564	65,771,356
Management fee from subsidiaries	-	-	49,800	49,800
	450,222,252	368,319,464	90,533,364	65,821,156

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

6. FINANCE COSTS

	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Interest expense on:-				
Term loans	-	12,780	-	-
Lease liabilities	614,836	653,936	-	4,848
	614,836	666,716	-	4,848

7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Impairment losses:				
- trade receivables	(64,043)	(202,171)	-	-
Writeback of impairment losses:				
- trade receivables	204,546	-	-	-
	140,503	(202,171)	-	-

8. PROFIT BEFORE TAX

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income from third parties	840,722	1,249,835	269,458	301,006
Gain on disposal of short-term investments	25,536	66,846	17,145	66,846
Gain on disposal of property, plant and equipment	25,770	1,555,110	-	-
Lease income from property, plant and equipment	927,148	548,036	-	-
Auditors' remuneration:				
- audit fee				
- current financial year				
- auditors of the Company	(191,000)	(185,000)	(126,000)	(120,000)
- other auditors	(369,208)	(369,097)	-	-
- underprovision in the previous financial year				
- auditors of the Company	-	(5,000)	-	(3,000)
- other auditors	(1,000)	(3,048)	-	-
- non-audit fee				
- auditors of the Company	(5,000)	(5,000)	(5,000)	(5,000)
- member firms of the auditors of the Company	(5,800)	(5,196)	-	-
Depreciation of property, plant and equipment	(14,573,386)	(15,274,424)	(1,382)	(1,505)
Depreciation of right-of-use assets	(3,101,127)	(3,149,038)	-	(94,956)
Directors' remuneration:				
- directors of the Company:				
- fee	(237,765)	(233,520)	(237,765)	(233,520)
- salaries and other emoluments	(10,406,230)	(8,869,733)	(4,980,381)	(4,154,255)
- directors of the Subsidiaries:				
- salaries and other emoluments	(2,228,768)	(2,214,349)	-	-
(Loss)/Gain on foreign exchange - net:				
- Unrealised	(92,091)	(612,699)	(45,634)	(244,238)
- Realised	390,038	(324,453)	425,312	225,818
Lease expenses:				
- short-term leases	(2,286,936)	(500,821)	(102,120)	-
- low value assets	(31,200)	(11,549)	-	-
Property, plant and equipment written off	(2,714)	(180,304)	-	-
Staff costs	(126,511,550)	(110,514,831)	(1,001,512)	(989,270)

8. PROFIT BEFORE TAX (CONT'D)

(a) Staff costs

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Defined contribution plan	4,761,478	4,209,012	117,160	118,977
Defined benefits plan	130,364	136,813	-	-

(b) Key management personnel compensation

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company	10,643,995	9,103,253	5,218,146	4,387,775
Directors of the Subsidiaries	2,228,768	2,214,349	-	-
Other Key Management Personnel	6,595,636	5,485,623	379,519	371,500
	19,468,399	16,803,225	5,597,665	4,759,275

In addition to the above disclosure, there is an unallocated provision of director fees in a subsidiary amounting to RM3,729,841 (2020: RM2,610,584).

(c) Directors' remuneration

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Contributions to provident funds:				
Directors of the Company	859,722	722,624	795,112	663,214
Directors of the Subsidiaries	154,916	174,919	-	-
	1,014,638	897,543	795,112	663,214

9. INCOME TAX EXPENSE

	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Estimated current tax payable:				
Malaysian:				
- Current year	4,063,625	3,127,435	-	-
- (Over)/Underprovision in prior years	(169,083)	69,571	-	-
	3,894,542	3,197,006	-	-
Foreign:				
- Current year	26,853,769	20,596,072	-	-
- Underprovision in prior years	2,617,722	1,168,144	-	-
	29,471,491	21,764,216	-	-
Withholding tax	1,408,470	985,976	1,408,470	985,976
Real property gain tax	(101,313)	141,418	-	-
	34,673,190	26,088,616	1,408,470	985,976
Deferred tax (Note 15):				
- Current year	971,378	(153,700)	-	-
	35,644,568	25,934,916	1,408,470	985,976

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

	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Profit before tax	149,866,475	114,252,674	84,278,626	60,125,383
Tax at the applicable tax rate of 24%	35,967,954	27,420,642	20,226,871	14,430,092
Effect of different tax rates of other tax jurisdictions	(6,512,169)	(5,557,918)	-	-
Tax effects of:-				
Non-deductible expenses	2,195,985	2,081,813	1,517,041	1,403,905
Income not subject to tax	(12,411)	(740,702)	(21,743,912)	(15,833,997)
Utilisation of deferred tax assets previously not recognised	-	(41,000)	-	-
Income tax exemption	(95,727)	(128,272)	-	-
Taxable income subjected at regular income tax rate	248,064	397,296	-	-
Deferred tax assets not recognised for the year	97,076	137,948	-	-
Underprovision of current tax in prior years	2,448,639	1,237,715	-	-
Withholding tax	1,408,470	985,976	1,408,470	985,976
Real property gain tax	(101,313)	141,418	-	-
Income tax expense	35,644,568	25,934,916	1,408,470	985,976

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 taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

10. EARNINGS PER SHARE

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

	The Group	
	2021 RM	2020 RM
Profit after taxation attributable to owners of the Company (RM)	104,503,927	81,967,529
Weighted average number of shares in issue as of 1 January	1,047,255,029	1,047,968,530
Bonus issue during the year, excluding treasury shares held by the Company*	524,137,195	524,137,195
Weighted average number of ordinary shares for basic earnings per share computation as of 31 December	1,571,392,224	1,572,105,725
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	6.65	5.21

* The comparative figure for the weighted average number of ordinary shares in issue has been restated to reflect the adjustments arising from bonus issue, which were completed on 30 April 2021.

The potential conversion of warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial period and hence, the diluted earnings per share is equal to the basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

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

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

The Group	COST As at 1 January 2021 RM	Foreign currency translation differences RM	Transfer from right-of-use assets RM	Reclassi-fications RM	Additions RM	Write-offs RM	Disposals RM	As at 31 December 2021 RM
Freehold land	21,148,964	1,116,588	-	-	10,508,047	-	-	32,773,599
Freehold buildings	65,776,799	3,378,795	-	-	266,580	-	-	69,422,174
Long-term leasehold buildings	41,234,798	633,718	-	-	-	-	-	41,868,516
Factory and office renovation	26,466,189	229,096	2,105,293	-	154,165	-	-	28,954,743
Plant and machinery	206,787,087	5,342,122	589,145	2,568,794	2,135,038	(695,022)	(97,898)	216,629,266
Workshop tools	2,436,561	-	-	-	7,938	-	-	2,444,499
Office equipment	8,363,259	186,061	-	-	95,319	(8,725)	-	8,635,914
Furniture and fittings	919,025	(2,956)	-	-	15,760	-	-	931,829
Motor vehicles	8,819,742	247,276	-	389,503	640,308	-	(465,415)	9,631,414
Computers	1,607,230	39,496	-	-	23,164	(2,849)	-	1,667,041
Capital work-in-progress	945,777	1,040,184	-	(2,958,297)	68,983,910	-	-	68,011,574
Total	384,505,431	12,210,380	2,694,438	-	82,830,229	(706,596)	(563,313)	480,970,569

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

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

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

The Group	ACCUMULATED DEPRECIATION As at 1 January 2021 RM	Foreign currency translation differences RM	Transfer from right-of-use assets RM	Charge for the year RM	Write-offs RM	Disposals RM	As at 31 December 2021 RM
Freehold land	-	-	-	-	-	-	-
Freehold buildings	28,608,345	1,509,636	-	2,501,522	-	-	32,619,503
Long-term leasehold buildings	20,582,223	346,025	-	1,473,500	-	-	22,401,748
Factory and office renovation	22,641,304	186,092	596,500	1,296,400	-	-	24,720,296
Plant and machinery	168,690,488	3,844,391	175,464	8,477,173	(692,311)	(97,897)	180,397,308
Workshop tools	2,364,973	-	-	38,070	-	-	2,403,043
Office equipment	7,814,993	166,947	-	243,433	(8,722)	-	8,216,651
Furniture and fittings	916,607	(2,960)	-	1,972	-	-	915,619
Motor vehicles	7,622,582	201,813	-	419,898	-	(465,415)	7,778,878
Computers	1,312,750	27,634	-	121,418	(2,849)	-	1,458,953
Capital work-in-progress	-	-	-	-	-	-	-
Total	260,554,265	6,279,578	771,964	14,573,386	(703,882)	(563,312)	280,911,999

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

The Group	IMPAIRMENT LOSS As at 1 January 2020 RM	Foreign currency translation differences RM	Recognised for the year RM	As at 31 December 2020/ 1 January 2021 RM	Foreign currency translation differences RM	Recognised for the year RM	As at 31 December 2021 RM	CARRYING AMOUNT As at 31 December 2021 RM	As at 31 December 2020 RM
Freehold land	-	-	-	-	-	-	-	32,773,599	21,148,964
Freehold buildings	-	-	-	-	-	-	-	36,802,671	37,168,454
Long-term leasehold buildings	-	-	-	-	-	-	-	19,466,768	20,652,575
Factory and office renovation	-	-	-	-	-	-	-	4,234,447	3,824,885
Plant and machinery	2,263,655	-	-	2,263,655	-	-	2,263,655	33,968,303	35,832,944
Workshop tools	-	-	-	-	-	-	-	41,456	71,588
Office equipment	-	-	-	-	-	-	-	419,263	548,266
Furniture and fittings	-	-	-	-	-	-	-	16,210	2,418
Motor vehicles	-	-	-	-	-	-	-	1,852,536	1,197,160
Computers	-	-	-	-	-	-	-	208,088	294,480
Capital work-in-progress	-	-	-	-	-	-	-	68,011,574	945,777
Total	2,263,655	-	-	2,263,655	-	-	2,263,655	197,794,915	121,687,511

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

The Company	COST As at 1 January 2020 RM	Addition RM	Write-off RM	As at 31 December 2020/ 1 January 2021 RM	Addition RM	Write-off RM	As at 31 December 2021 RM
Office renovation	151,775	-	-	151,775	-	-	151,775
Office equipment	36,777	1,629	-	38,406	-	-	38,406
Furniture and fittings	71,000	-	-	71,000	-	-	71,000
Computers	37,070	-	-	37,070	4,388	(2,849)	38,609
Total	296,622	1,629	-	298,251	4,388	(2,849)	299,790

	ACCUMULATED DEPRECIATION							CARRYING AMOUNT	
The Company	As at 1 January 2020 RM	Charge for the year RM	Write-off RM	As at 31 December 2020/ 1 January 2021 RM	Charge for the year RM	Write-off RM	As at 31 December 2021 RM	As at 31 December 2021 RM	As at 31 December 2020 RM
Office renovation	151,775	-	-	151,775	-	-	151,775	-	-
Office equipment	36,547	275	-	36,822	543	-	37,365	1,041	1,584
Furniture and fittings	71,000	-	-	71,000	-	-	71,000	-	-
Computers	35,123	1,230	-	36,353	839	(2,849)	34,343	4,266	717
Total	294,445	1,505	-	295,950	1,382	(2,849)	294,483	5,307	2,301

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

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

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

The undiscounted operating lease payments receivable are as follows:-

	The Group	
	2021 RM	2020 RM
Within 1 year	835,849	911,203
Between 1 and 2 years	775,450	1,296,711
	1,611,299	2,207,914

12. RIGHT-OF-USE ASSETS

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

The Group	As at 1 January 2021 RM	Transfer to property, plant and equipment RM	Additions RM	Depreciation charges RM	Derecognition due to lease modification RM	Foreign currency translation differences RM	As at 31 December 2021 RM
Leasehold land	11,384,095	-	11,149,865	(901,414)	-	321,897	21,954,443
Factories and buildings	2,976,831	-	515,370	(1,594,600)	-	(3,296)	1,894,305
Factory renovation	1,631,602	(1,508,793)	-	(122,809)	-	-	-
Plant and machinery	516,728	(413,681)	280	(37,671)	-	4,239	69,895
Motor vehicles	800,608	-	173,997	(444,633)	-	22,492	552,464
	17,309,864	(1,922,474)	11,839,512	(3,101,127)	-	345,332	24,471,107

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

The Group	Cost RM	Accumulated depreciation RM	Carrying amount RM
2020			
Leasehold land	13,420,974	(2,036,879)	11,384,095
Factories and buildings	5,802,105	(2,825,274)	2,976,831
Factory renovation	2,105,293	(473,691)	1,631,602
Plant and machinery	699,544	(182,816)	516,728
Motor vehicles	1,528,840	(728,232)	800,608
	23,556,756	(6,246,892)	17,309,864
2021			
Leasehold land	24,917,915	(2,963,472)	21,954,443
Factories and buildings	5,303,377	(3,409,072)	1,894,305
Plant and machinery	116,421	(46,526)	69,895
Motor vehicles	1,552,801	(1,000,337)	552,464
	31,890,514	(7,419,407)	24,471,107

	← CARRYING AMOUNT		→
The Company	As at 1 January 2020 RM	Depreciation charge RM	As at 31 December 2020 RM
Building	94,956	(94,956)	-

The Company	Cost RM	Accumulated depreciation RM	Carrying amount RM
2020			
Building	189,912	(189,912)	-

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

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

	2021 RM	2020 RM
Plant and machinery	-	428,410
Motor vehicles	241,914	304,531
Factory renovation	-	1,631,602
	241,914	2,364,543
Effective interest rates	4.53% - 5.28%	2.80% - 5.28%
Remaining lease terms	1 - 2 years	1 - 4 years

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

(i) Leasehold land — The Group has entered into 6 (2020: 5) non-cancellable operating lease agreements for the use of land. The leases are for a period ranging from 20 to 60 (2020: 30 to 60) years. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

(ii) Factories and buildings and motor vehicles — The Group has leased a number of factories and buildings, and motor vehicles that run between 1 and 5 (2020: 1 and 4) years, with an option to renew the lease after that date. In the previous financial year, the Company has leased a building for 2 years, with an option to renew the lease after that date.

13. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Unquoted shares, at cost:-		
At beginning of the year	145,319,800	144,543,930
Addition during the year	4,240,434	775,870
	149,560,234	145,319,800
Accumulated impairment losses	(987,241)	(987,241)
	148,572,993	144,332,559

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Subsidiaries of the Company				
Frontken Malaysia Sdn. Bhd. ("FMSB")	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken (Singapore) Pte. Ltd. ("FSPL") [1]	Singapore	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
PT Frontken Indonesia [1]	Indonesia	95	95	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
TTES Frontken Integrated Services Sdn. Bhd. ("TTES") [1, 2]	Malaysia	45	45	Engaged in the business of turbo machinery technical engineering services.
Ares Green Technology Corporation ("AGTC") [1]	Taiwan	91.79	91.25	Provision of surface treatment and advanced precision cleaning for the TFT - LCD (Thin Film Transistor - Liquid Crystal Display) and semi-conductor industries.

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Subsidiaries of FMSB				
Frontken (East Malaysia) Sdn. Bhd. ("FEM") [1]	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken (Johor) Sdn. Bhd. [1]	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering services.
Subsidiaries of FSPL				
Frontken Projects Pte. Ltd. ("FPPL") [1, 3]	Singapore	-	100	General contractors and process and individual plant engineering services.
Frontken Philippines Inc [1]	Philippines	99.99	99.99	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Subsidiary of AGTC				
Ares Green International Corporation [1,3]	Samoa	-	100	Investment holding.

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

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

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

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Effective Equity Interest		The Group	
	2021	2020	2021	2020
	%	%	RM	RM
AGTC	8.21	8.75	28,855,805	24,091,346
TTES	55	55	5,744,210	5,005,171
Other individually immaterial subsidiaries			(374,735)	(2,057,256)
			34,225,280	27,039,261

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

	AGTC	
	2021	2020
	RM	RM
At 31 December		
Non-current assets	175,067,725	93,648,077
Current assets	321,144,060	279,581,483
Non-current liabilities	(13,224,399)	(2,678,906)
Current liabilities	(131,515,947)	(110,428,010)
Net assets	351,471,439	260,122,644
Financial Year Ended 31 December		
Revenue	311,010,190	240,778,716
Profit for the financial year	93,424,504	65,546,395
Total comprehensive income	108,022,953	75,196,388
Total comprehensive income attributable to non-controlling interests	9,452,008	6,703,534
Dividends paid to non-controlling interests	(1,080,505)	(756,391)
Net cash from operating activities	108,975,979	90,888,575
Net cash for investing activities	(75,175,116)	(15,537,879)
Net cash for financing activities	(13,144,616)	(8,972,727)

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	TTES 2021 RM	TTES 2020 RM
<u>At 31 December</u>		
Non-current assets	3,950,428	1,646,385
Current assets	14,383,772	12,418,833
Non-current liabilities	(278,277)	(182,132)
Current liabilities	(7,612,111)	(4,782,980)
Net assets	10,443,812	9,100,106
<u>Financial Year Ended 31 December</u>		
Revenue	33,745,892	22,739,545
Profit for the financial year	2,843,706	1,047,145
Total comprehensive income	2,843,706	1,047,145
Total comprehensive income attributable to non-controlling interests	1,564,038	575,930
Dividends paid to non-controlling interests	(825,000)	(341,000)
Net cash from/(for) operating activities	2,655,627	(502,296)
Net cash (for)/from investing activities	(2,613,409)	1,158,929
Net cash for financing activities	(1,038,983)	(733,962)

On 22 February 2021, Ares Green International Corporation, a dormant indirect wholly-owned subsidiary of the Company has been struck off.

On 31 December 2021, a resolution was passed to strike off Frontken Projects Pte. Ltd., a dormant indirect wholly-owned subsidiary of the Company from the Registrar.

During the financial year, in the month of December 2021, the Company acquired 184,370 ordinary shares of NT$10 each representing 0.54% of the issued and paid-up share capital of AGTC for a total cash consideration of NT$28,024,240 (including incidental costs) (equivalent to RM4,240,434). Following the acquisition, the Group's interest in AGTC increased from 91.25% to 91.79%. The carrying amount of AGTC's net assets shared by the Group on the date of the acquisition was RM320,717,688. The Group recognised a decrease in non-controlling interests of RM1,897,946 and a decrease in retained earnings of RM2,342,488.

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

	AGTC 2021 RM
Equity interest at 1 January 2021	236,031,298
Effect of increase in Company's ownership interest	1,897,946
Share of comprehensive income	84,686,390
Equity interest at 31 December 2021	322,615,634

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

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

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

14. GOODWILL ON CONSOLIDATION

	The Group 2021 RM	 2020 RM
At 1 January/31 December	33,760,856	33,760,856

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

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

	The Group 2021 RM	 2020 RM
FEM	805,812	805,812
AGTC	24,588,453	24,588,453
TTES	8,366,591	8,366,591
	33,760,856	33,760,856

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

14. GOODWILL ON CONSOLIDATION (CONT'D)

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

	2021 %	2020 %
Budgeted gross margin	15 to 52	14 to 52
Growth rates		
- Year 1	3 to 8	3 to 11
- Year 2 to 5	3 to 8	3 to 11
Pre-tax discount rates	17 to 23	15 to 20

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

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

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

(iv) Terminal value — Terminal value is based on zero growth of projected present value of particular subsidiaries from year 2026 until infinity.

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

15. DEFERRED TAX ASSETS/LIABILITIES

	The Group 2021 RM	The Group 2020 RM
Deferred tax assets		
At 1 January	2,602,639	2,295,497
Transfer from profit or loss (Note 9)	(819,663)	180,908
Transfer to other comprehensive expenses	7,499	16,849
Foreign currency translation differences	119,269	109,385
At 31 December	1,909,744	2,602,639
Deferred tax liabilities		
At 1 January	447,902	407,841
Transfer to profit or loss (Note 9)	151,715	27,208
Foreign currency translation differences	15,538	12,853
At 31 December	615,155	447,902

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

	The Group Deferred Tax (Assets)/Liabilities 2021 RM	The Group Deferred Tax (Assets)/Liabilities 2020 RM
Temporary differences arising from property, plant and equipment	9,132	86,173
Others	(1,303,721)	(2,240,910)
	(1,294,589)	(2,154,737)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2021, the estimated amount of net deferred tax assets, calculated at the current tax rate which has not been recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:-

	The Group Deferred Tax (Assets)/Liabilities 2021 RM	The Group Deferred Tax (Assets)/Liabilities 2020 RM
Unutilised tax losses	757,409	682,498
Temporary differences arising from property, plant and equipment	193,920	193,920
	951,329	876,418

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

16. INVENTORIES

	The Group 2021 RM	The Group 2020 RM
Raw materials	6,431,765	5,343,741
Work-in-progress	6,720,618	5,849,953
Finished goods	6,455,781	8,782,498
	19,608,164	19,976,192
Recognised in profit or loss:-		
Inventories recognised as cost of sales	25,560,965	21,232,787
Inventories written down/reversal of inventories previously written down	22,647	(49,095)

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

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

Trade receivables of the Group comprise amounts outstanding for the provision of services and sale of goods. The credit periods granted to the customers range from 30 to 180 days (2020: 30 to 180 days).

	The Group 2021 RM	The Group 2020 RM
Trade receivables	116,952,173	104,619,193
Allowance for impairment losses	(1,352,272)	(1,481,846)
	115,599,901	103,137,347

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

	The Group 2021 RM	The Group 2020 RM
At 1 January	1,481,846	2,139,074
Allowance for impairment losses	64,043	202,171
Writeback of allowance for impairment losses	(204,546)	-
Written off as bad debts	(50,604)	(903,473)
Exchange difference	61,533	44,074
At 31 December	1,352,272	1,481,846

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

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

	The Group	
	2021 RM	2020 RM
AMT Engineering Sdn. Bhd.	3,595	1,275
A & I Engine Rebuilders Sdn. Bhd.	19,925	-
Tenaga-Tech (M) Sdn. Bhd.	-	11,371
	23,520	12,646

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

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

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

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

	The Group	
	2021 RM	2020 RM
A & I Engine Rebuilders Sdn. Bhd.		
Sales	40,555	12,790
AMT Engineering Sdn. Bhd.		
Sales	31,006	32,513
Purchases	3,490	1,460
Rental expense	144,000	135,000
Tenaga-Tech (M) Sdn. Bhd.		
Sales	27,279	25,383
Purchases	316,103	177,381

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

Other receivables, deposits and prepaid expenses consist of:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	5,035,793	4,242,613	42,778	-
Deposits	3,943,391	2,168,158	4,850	4,750
Prepaid expenses	1,144,432	1,120,562	21,514	20,717
	10,123,616	7,531,333	69,142	25,467

18. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Amount owing by:-		
Advances	2,989,079	2,989,079
Dividend receivables	4,175,000	28,788,798
	7,164,079	31,777,877
Allowance for impairment losses	(2,989,079)	(2,989,079)
	4,175,000	28,788,798

The amounts owing arose mainly from dividend receivables. The amount owing is to be settled in cash.

19. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unit trust	51,737,748	8,332,527	48,643,961	3,302,234
Fair value	51,737,748	8,332,527	48,643,961	3,302,234

20. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 0.10% to 1.85% (2020: 0.25% to 2.10%) per annum. The fixed deposits of the Group have maturity periods ranging from 90 to 365 days (2020: 90 to 365 days).

The fixed deposits of the Group amounting to RM478,265 (2020: RM468,703) are pledged to licensed banks as security for bank guarantee facility granted to the Group.

21. SHARE CAPITAL

		The Group/The Company			
		2021	2020	2021	2020
		Number of Shares		RM	RM
Issued and fully paid-up					
At 1 January		1,053,435,130	1,053,435,130	118,925,352	118,925,352
Issuance of new shares, pursuant of bonus issue	(b)(i)	526,717,545	-	-	-
Share issuance expenses	(b)(ii)	-	-	(484,307)	-
At 31 December		1,580,152,675	1,053,435,130	118,441,045	118,925,352

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

(b) The Company increased its issued and fully paid-up number of ordinary shares from 1,053,435,130 to 1,580,152,675 by way of:-

(i) Issuance of 526,717,545 bonus shares at no consideration together with 524,137,195 free detachable warrants on the basis of 1 bonus share together with 1 warrant for every 2 existing ordinary shares held on 28 April 2021.

(ii) An amount of RM484,307 was utilised out of share capital for corporate exercise expenses.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

22. TREASURY SHARES

	The Group/The Company			
	2021	2020	2021	2020
	Number of Shares		RM	RM
At 1 January	5,466,600	5,466,600	663,237	663,237
Disposal	(305,900)	-	(35,558)	-
Purchase	1,460,200	-	4,120,170	-
Bonus issue	2,580,350	-	-	-
At 31 December	9,201,250	5,466,600	4,747,849	663,237

During the financial year, the Company sold 305,900 of its treasury shares at an average price of RM5.43 per share in the open market and repurchased 1,460,200 of its ordinary shares from the open market at an average price of RM2.82 per share.

The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from total equity.

As at 31 December 2021, the Company held 9,201,250 (2020: 5,466,600) treasury shares at a carrying amount of RM4,747,849 (2020: RM663,237).

As at 31 December 2021, the number of outstanding ordinary shares in issue after the set-off of 9,201,250 (2020: 5,466,600) treasury shares held by the Company is 1,570,951,425 (2020: 1,047,968,530) ordinary shares.

23. RESERVES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable:				
Foreign currency translation reserve	54,276,576	39,130,404	-	-
Statutory reserve	24,517,262	17,704,302	-	-
Distributable:				
Retained earnings	308,368,319	264,898,143	92,165,151	60,582,527
	387,162,157	321,732,849	92,165,151	60,582,527

Foreign currency translation reserve

The foreign currency translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

Statutory reserve

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

Warrants

On 4 May 2021, the Company issued 524,137,195 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll dated 14 April 2021 and each warrant entitles the registered holder the right at any time during the exercise period from 4 May 2021 to 3 May 2026 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM4 each. These warrants were listed on the Bursa Malaysia Securities Berhad on 7 May 2021.

As at 31 December 2021, the total number of warrants that remain unexercised were 524,137,195 units.

Salient features of the Warrants 2021/2026 are as follows:-

(i) Each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM4 each subject to adjustment in accordance with the conditions stipulated in the Deed Poll.

(ii) The warrants may be exercised at any time on or before the maturity date falling five years (2021/2026) from the date of issue of the warrants on 4 May 2021. Warrants not exercised after the exercise period will thereafter lapse and cease to be valid.

(iii) The new shares pursuant to the exercise of the warrants shall, upon allotment issue, rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they will not be entitled to any dividend, rights, allotments and/or any other forms of distributions that may be declared, made or paid to shareholders, the entitlement date of which is before the allotment and issuance of the new ordinary shares; and

(iv) The persons to whom the warrants have been granted have no rights to participate in any distribution and/or offer of further securities in the Company until/and unless warrants holders exercise their warrants for new ordinary shares.

24. LEASE LIABILITIES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	12,328,228	14,963,954	-	97,272
Interest expense recognised in profit and loss	614,836	653,936	-	4,848
Derecognition due to lease modification	-	(54,898)	-	-
Repayment of principal	(3,191,224)	(3,387,979)	-	(97,272)
Repayment of interest expense	(614,836)	(653,936)	-	(4,848)
Addition	11,839,512	667,962	-	-
Exchange difference	332,315	139,189	-	-
At 31 December	21,308,831	12,328,228	-	-
Analysed by:-				
Current liabilities	2,559,942	2,795,816	-	-
Non-current liabilities	18,748,889	9,532,412	-	-
At 31 December	21,308,831	12,328,228	-	-

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 90 days (2020: 30 to 90 days).

Included in trade payables was RM32,009 (2020: Nil) owing to a related party.

Other payables and accrued expenses consist of:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	58,091,359	54,607,311	5,800	5,090
Accrued expenses	60,112,438	47,393,915	5,439,324	4,435,652
	118,203,797	102,001,226	5,445,124	4,440,742
Less: Other payables (included under non-current liabilities)	(2,930,914)	(2,845,851)	-	-
Current liabilities	115,272,883	99,155,375	5,445,124	4,440,742

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

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

	The Group 2021 RM	The Group 2020 RM
Defined benefit plan (Overseas subsidiaries)		
- Taiwan	2,132,657	2,157,207
- Philippines	300,063	232,267
- Indonesia	498,194	456,377
	2,930,914	2,845,851

(a) Defined benefit plan – Taiwan

	The Group 2021 RM	The Group 2020 RM
Fair value of plan assets	(7,497,560)	(7,127,926)
Present value of plan obligations	9,630,217	9,285,133
	2,132,657	2,157,207

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

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

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

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

Plan assets comprise:-

	The Group 2021 RM	The Group 2020 RM
Cash at bank	1,378,052	886,714
Short-term investments	377,877	222,391
Debentures	461,100	440,506
Fixed income investments	1,303,076	1,365,711
Equity securities	3,182,714	3,385,052
Others	794,741	827,552
	7,497,560	7,127,926

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

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

Movement in the present value of defined benefit obligations:-

	The Group	
	2021 RM	2020 RM
At 1 January	9,285,133	8,495,550
Current service costs and interest	58,943	99,459
Actuarial losses in other comprehensive income	130,309	282,058
Defined plan payable	(324,672)	-
Exchange difference	480,504	408,066
At 31 December	9,630,217	9,285,133

Movement in the fair value of plan assets:-

	The Group	
	2021 RM	2020 RM
At 1 January	7,127,926	6,367,119
Expected return on plan assets	36,624	67,341
Actuarial gains in other comprehensive income	92,814	197,811
Contribution paid into the plan	194,398	189,033
Defined plan payable	(324,672)	-
Exchange difference	370,470	306,622
At 31 December	7,497,560	7,127,926

Expenses recognised in profit or loss:-

	The Group	
	2021 RM	2020 RM
Current service costs and interests	58,943	99,459
Expected return on plan assets	(36,624)	(67,341)
Net benefit expense	22,319	32,118

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

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

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

	The Group 2021 RM	The Group 2020 RM
Actuarial losses recognised during the year	(29,996)	(67,398)

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

		The Group 2021	The Group 2020
i)	Retirement age	65	65
ii)	Disability rate (per annum)	10% of mortality rate	10% of mortality rate
iii)	Discount rate (per annum)	0.50%	0.50%
iv)	Expected rate of salary increases (per annum)	2.75%	2.75%

Effect on defined benefit obligations	The Group 2021 (Decrease)/ Increase RM	The Group 2020 (Decrease)/ Increase RM
Discount rate (per annum)		
- strengthened by 0.25%	(339,037)	(344,283)
- weakened by 0.25%	355,146	361,319
Expected rate of salary increases (per annum)		
- strengthened by 0.25%	342,008	347,984
- weakened by 0.25%	(328,432)	(333,560)

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

(b) Defined benefit plan – Philippines

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

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

Movement in the present value of defined benefit obligations:-

	The Group	
	2021 RM	2020 RM
At 1 January	232,267	194,474
Current service costs and interest	24,104	24,354
Actuarial gains in other comprehensive income	50,358	6,956
Exchange difference	(6,666)	6,483
At 31 December	300,063	232,267

Expenses recognised in profit or loss:-

	The Group	
	2021 RM	2020 RM
Current service costs and interests	24,104	24,354

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

	The Group	
	2021 RM	2020 RM
Actuarial losses recognised during the year	(50,358)	(6,956)

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

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

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

		The Group	
		2021 RM	2020 RM
i)	Retirement age	60	60
ii)	Discount rate (per annum)	4.97%	3.90%
iii)	Expected rate of salary increases (per annum)	2.00%	2.00%

	The Group	
Effect on defined benefit obligations	2021 (Decrease)/ Increase RM	2020 (Decrease)/ Increase RM
Discount rate (per annum)		
- strengthened by 1%	(5,142)	(3,023)
- weakened by 1%	5,550	3,182
Expected rate of salary increases (per annum)		
- strengthened by 1%	5,660	3,211
- weakened by 1%	(5,336)	(3,107)

(c) Defined benefit plan – Indonesia

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

Movement in the present value of defined benefit obligations:-

	The Group	
	2021 RM	2020 RM
At 1 January	456,377	391,878
Current service costs and interest	83,941	80,341
Actuarial gains in other comprehensive income	(44,947)	(143)
Defined plan payable	(571)	-
Excess payment	(7,044)	-
Exchange difference	10,438	(15,699)
At 31 December	498,194	456,377

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

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

Expenses recognised in profit or loss:-

	The Group 2021 RM	The Group 2020 RM
Current service costs and interests	83,941	80,341

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

	The Group 2021 RM	The Group 2020 RM
Actuarial gains recognised during the year	44,947	143

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

		The Group 2021 RM	The Group 2020 RM
i)	Retirement age	55	55
ii)	Disability rate (per annum)	1% of mortality rate	1% of mortality rate
iii)	Discount rate (per annum)	5.85%	5.95%
iv)	Expected rate of salary increases (per annum)	8.00%	8.00%

Effect on defined benefit obligations	The Group 2021 (Decrease)/ Increase RM	The Group 2020 (Decrease)/ Increase RM
Discount rate (per annum)		
- strengthened by 1%	(16,381)	(19,334)
- weakened by 1%	18,406	21,734
Expected rate of salary increases (per annum)		
- strengthened by 1%	21,719	25,052
- weakened by 1%	(19,522)	(22,657)

26. DIVIDENDS

	The Group/The Company 2021 RM	2020 RM
Second interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2019, paid on 13 April 2020	-	15,719,528
First interim single-tier dividend of 1.2 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 22 September 2020	-	12,575,622
Second interim single-tier dividend of 2.8 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 8 April 2021	29,343,118	-
First interim single-tier dividend of 1.5 sen per ordinary share in respect of the current financial year, paid on 17 September 2021	23,564,271	-
	52,907,389	28,295,150

On 25 February 2022, the Company declared and approved a second interim single-tier dividend of 2.5 sen per ordinary share on 1,570,951,425 ordinary shares, payable on 13 April 2022, in respect of the financial year ended 31 December 2021 amounting to RM39,273,785. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

27. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

Market Risk

(i) Foreign currency risk

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

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Market Risk (Cont'd)

(i) Foreign currency risk (Cont'd)

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

The Group 2021	Singapore Dollar RM	Ringgit Malaysia RM	United States Dollar RM	Philippine Peso RM	New Taiwan Dollar RM	Others* RM	Total RM
Financial assets							
Trade receivables	7,530,009	17,521,457	15,731,596	11,792,509	62,926,462	97,868	115,599,901
Other receivables	10,242	383,617	-	2,646,258	1,475,026	47,739	4,562,882
Fixed deposits with licensed banks	478,265	1,347,585	-	-	12,182,400	-	14,008,250
Cash and bank balances	7,774,264	11,916,331	28,004,848	1,293,696	200,439,771	192,340	249,621,250
	15,792,780	31,168,990	43,736,444	15,732,463	277,023,659	337,947	383,792,283
Financial liabilities							
Trade payables	1,919,021	4,171,393	495,474	790,759	14,058,315	28,209	21,463,171
Other payables and accrued expenses	5,552,366	9,268,825	336,407	355,499	97,327,103	100,517	112,940,717
	7,471,387	13,440,218	831,881	1,146,258	111,385,418	128,726	134,403,888
Net financial assets	8,321,393	17,728,772	42,904,563	14,586,205	165,638,241	209,221	249,388,395
Less: Net financial assets denominated in the respective entities' functional currencies	(3,683,232)	(17,728,772)	-	(14,586,205)	(165,638,241)	(227,651)	(201,864,101)
Currency exposure	4,638,161	-	42,904,563	-	-	(18,430)	47,524,294

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

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Market Risk (Cont'd)

(i) Foreign currency risk (Cont'd)

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

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

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Market Risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The Company 2021	Singapore Dollar RM	Ringgit Malaysia RM	United States Dollar RM	Total RM
Financial asset				
Cash and bank balances	4,988,936	850,279	3,997,853	9,837,068
	4,988,936	850,279	3,997,853	9,837,068
Less: Net financial assets denominated in the entity's functional currency	-	(850,279)	-	(850,279)
Currency exposure	4,988,936	-	3,997,853	8,986,789

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

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Market Risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

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

	The Group		The Company	
	2021 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM	2021 Increase/ (Decrease) RM	2020 Increase/ (Decrease) RM
Effects on profit after taxation/equity				
Singapore Dollar:				
- strengthened by 5%	231,908	(18,096)	249,447	1,075,490
- weakened by 5%	(231,908)	18,096	(249,447)	(1,075,490)
United States Dollar:				
- strengthened by 5%	2,145,228	3,482,879	199,893	301,578
- weakened by 5%	(2,145,228)	(3,482,879)	(199,893)	(301,578)
Others*:				
- strengthened by 5%	(922)	278	-	-
- weakened by 5%	922	(278)	-	-

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group does not have any floating rate borrowings and hence, is not exposed to interest rate risk.

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Market Risk (Cont'd)

(iii) Equity price risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

<u>Equity Price Risk Sensitivity Analysis</u>

If prices for quoted investments at the end of the reporting period strengthened by 10% (2020: 10%) with all other variables being held constant, the Group's and the Company's profit after taxation or other comprehensive income would have increased by RM5,173,775 and RM4,864,396 (2020: RM833,253 and RM330,223) respectively. A 10% (2020: 10%) weakening in the quoted prices would have had an equal but opposite effect on the Group's and the Company's profit after taxation or other comprehensive income.

Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) <u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amounts owing by 2 (2020: 2) customers which constituted approximately 30% (2020: 30%) of its total trade receivables as at the end of the reporting period.

(ii) <u>Exposure to credit risk</u>

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the liquidity risk's 'Maturity Analysis' of item (i) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Credit Risk (Cont'd)

(iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

- Trade receivables

  The Group applies the simplified approach to measure expected credit losses which using a lifetime expected credit loss allowance for all trade receivables.

  To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

  For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

  Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than a year are deemed credit impaired and assesses for their risk of loss individually.

  The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

  The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group 2021	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
Not past due	94,116,790	-	-	94,116,790
Past due:-				
- less than 1 month	12,328,428	-	-	12,328,428
- 1 to 9 months	8,838,442	-	-	8,838,442
- over 9 months	1,668,513	(1,228,387)	(123,885)	316,241
Trade receivables	116,952,173	(1,228,387)	(123,885)	115,599,901

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Credit Risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

- Trade receivables (Cont'd)

The Group 2020	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
Not past due	84,823,208	-	-	84,823,208
Past due:-				
- less than 1 month	8,025,115	-	-	8,025,115
- 1 to 9 months	10,066,317	-	-	10,066,317
- over 9 months	1,704,553	(1,364,082)	(117,764)	222,707
Trade receivables	104,619,193	(1,364,082)	(117,764)	103,137,347

The movements in the loss allowances in respect of trade receivables is disclosed in Note 17 to the financial statements.

- Other receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

- Fixed deposits with licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Credit Risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

- Amount owing by subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2021			
Low credit risk	7,164,079	(2,989,079)	4,175,000
2020			
Low credit risk	31,777,877	(2,989,079)	28,788,798

The movements in the loss allowances are disclosed in Note 18 to the financial statements.

- Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

(i) Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group 2021	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Lease liabilities	4.53 - 5.28	21,308,831	26,494,120	3,148,384	6,773,826	16,571,910
Trade payables	-	21,463,171	21,463,171	21,463,171	-	-
Other payables and accrued expenses	-	112,940,717	112,940,717	112,940,717	-	-
		155,712,719	160,898,008	137,552,272	6,773,826	16,571,910

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Liquidity risk (Cont'd)

(i) Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Group 2020	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Lease liabilities	2.80 - 5.28	12,328,228	16,572,406	3,350,289	5,408,232	7,813,885
Trade payables	-	18,830,813	18,830,813	18,830,813	-	-
Other payables and accrued expenses	-	96,991,770	96,991,770	96,991,770	-	-
		128,150,811	132,394,989	119,172,872	5,408,232	7,813,885

27. FINANCIAL INSTRUMENTS (CONT'D)

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

Liquidity risk (Cont'd)

(i) Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Company 2021	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM
Non-derivative financial liabilities			
Other payables and accrued expenses	5,445,124	5,445,124	5,445,124
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	33,255	33,255
	5,445,124	5,478,379	5,478,379

The Company 2020	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM
Non-derivative financial liabilities			
Other payables and accrued expenses	4,440,742	4,440,742	4,440,742
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	510,203	510,203
	4,440,742	4,950,945	4,950,945

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as external borrowings less cash and bank balances and fixed deposits with licensed banks.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Company is not disclosed in the financial statements as the cash and bank balances and fixed deposits with licensed banks are in surplus position after net off with external borrowings.

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	The Group 2021 RM	The Company 2021 RM
Financial Assets		
Fair Value through Profit or Loss		
Short-term investments	51,737,748	48,643,961
Amortised Cost		
Trade receivables	115,599,901	-
Other receivables	4,562,882	-
Amount owing by subsidiaries	-	4,175,000
Fixed deposits with licensed banks	14,008,250	-
Cash and bank balances	249,621,250	9,837,068
	383,792,283	14,012,068
Financial Liability		
Amortised Cost		
Trade payables	21,463,171	-
Other payables and accrued expenses	112,940,717	5,445,124
	134,403,888	5,445,124

	The Group 2020 RM	The Company 2020 RM
Financial Assets		
Fair Value through Profit or Loss		
Short-term investments	8,332,527	3,302,234
Amortised Cost		
Trade receivables	103,137,347	-
Other receivables	3,753,693	-
Amount owing by subsidiaries	-	28,788,798
Fixed deposits with licensed banks	13,389,638	-
Cash and bank balances	290,468,269	6,834,025
	410,748,947	35,622,823

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments (Cont'd)

	The Group 2020 RM	The Company 2020 RM
Financial Liability		
Amortised Cost		
Trade payables	18,830,813	-
Other payables and accrued expenses	96,991,770	4,440,742
	115,822,583	4,440,742

(d) Gains or Losses Arising from Financial Instruments

	The Group 2021 RM	The Company 2021 RM
Financial Assets		
Fair Value through Profit or Loss		
Net gains recognised in profit or loss	153,347	98,923
Amortised Cost		
Net gains recognised in profit or loss	891,921	170,534
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	(64,043)	-

	The Group 2020 RM	The Company 2020 RM
Financial Assets		
Fair Value through Profit or Loss		
Net gains recognised in profit or loss	201,614	136,787
Amortised Cost		
Net gains recognised in profit or loss	1,048,222	164,218
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	(214,951)	-

27. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value Of Financial Instruments Carried At Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Fair Value Of Financial Instruments Not Carried At Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2021								
Financial Asset								
Short-term investments	-	51,737,748	-	-	-	-	51,737,748	51,737,748
2020								
Financial Asset								
Short-term investments	-	8,332,527	-	-	-	-	8,332,527	8,332,527

The Company	Fair Value Of Financial Instruments Carried At Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Fair Value Of Financial Instruments Not Carried At Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2021								
Financial Asset								
Short-term investments	-	48,643,961	-	-	-	-	48,643,961	48,643,961
2020								
Financial Asset								
Short-term investments	-	3,302,234	-	-	-	-	3,302,234	3,302,234

27. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information (Cont'd)

(i) Fair Value of Financial Instruments Carried at Fair Value

- The fair value of short-term investments is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

- There were no transfers between level 1 and level 2 during the financial year.

28. COMMITMENTS

As of financial year end, the Group has the following capital commitments:-

	The Group	
	2021 RM	2020 RM
Purchase of property, plant and equipment	28,129,748	530,505

29. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group 2021	Bank Borrowings RM	Lease Liabilities RM	Total RM
At 1 January	-	12,328,228	12,328,228
<u>Changes in Financing Cash Flows</u>			
Acquisition of new lease	-	11,839,512	11,839,512
Repayment of borrowing principal	-	(3,191,224)	(3,191,224)
Repayment of borrowing interests	-	(614,836)	(614,836)
Non-cash changes	-	947,151	947,151
At 31 December	-	21,308,831	21,308,831

29. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group 2020	Bank Borrowings RM	Lease Liabilities RM	Total RM
At 1 January	843,865	14,963,954	15,807,819
Changes in Financing Cash Flows			
Acquisition of new lease	-	667,962	667,962
Drawdown	1,429,690	-	1,429,690
Repayment of borrowing principal	(2,272,639)	(3,387,979)	(5,660,618)
Repayment of borrowing interests	(12,780)	(653,936)	(666,716)
Non-cash changes	11,864	738,227	750,091
At 31 December	-	12,328,228	12,328,228

The Company 2020	Amount Owing to Subsidiaries RM	Lease Liabilities RM	Total RM
At 1 January	3,431,325	97,272	3,528,597
Changes in Financing Cash Flows			
Repayment to subsidiaries	(3,431,325)	-	(3,431,325)
Repayment of borrowing principal	-	(97,272)	(97,272)
Repayment of borrowing interest	-	(4,848)	(4,848)
Non-cash changes	-	4,848	4,848
At 31 December	-	-	-

29. CASH FLOW INFORMATION (CONT'D)

(b) The cash and cash equivalents comprise the following:-

	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Cash and bank balances	249,621,250	290,468,269	9,837,068	6,834,025
Fixed deposits with licensed banks	14,008,250	13,389,638	-	-
Short-term investments - unit trust	51,737,748	8,332,527	48,643,961	3,302,234
	315,367,248	312,190,434	58,481,029	10,136,259
Less: Fixed deposits pledged with licensed banks	(478,265)	(468,703)	-	-
Less: Fixed deposits with maturity period more than 3 months	(12,529,985)	(11,920,935)	-	-
Cash and cash equivalents	302,358,998	299,800,796	58,481,029	10,136,259

The total cash outflows for leases as a lessee are as follows:-

	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
Payment of short-term leases	2,286,936	500,821	102,120	-
Payment of low value assets	31,200	11,549	-	-
Interest paid on lease liabilities	614,836	653,936	-	4,848
Payment of lease liabilities	3,191,224	3,387,979	-	97,272
	6,124,196	4,554,285	102,120	102,120

30. SIGNIFICANT EVENTS DURING THE FINANICAL YEAR

(a) On 6 April 2021, a subsidiary, AGTC entered into a sales and purchase agreement with MH GoPower Company Limited to acquire a building with a total cash consideration of NT$367.50 million (equivalent to RM53.29 million).

(b) On 28 April 2021, the Company has issued 526,717,545 bonus shares at no consideration together with 524,137,195 free detachable warrants on the basis of 1 bonus share together with 1 warrant for every 2 existing ordinary shares held on 28 April 2021. Each warrant entitles the registered holder the right at any time during the exercise period from 4 May 2021 to 3 May 2026 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM4 each. At end of the reporting period, 524,137,195 warrants remained unexercised.

31. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	The Group/The Company	
	2021	2020
	RM	RM
Singapore Dollar	3.09	3.04
United States Dollar	4.18	4.01
Philippine Peso	0.08	0.08
New Taiwan Dollar	0.15	0.14
Euro	4.73	4.93
Great Britain Pound	5.64	5.49
Indonesian Rupiah	0.00029	0.00029

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

We, **NG WAI PIN** and **DATO' HAJI JOHAR BIN MURAT @ MURAD**, being two of the directors of **FRONTKEN CORPORATION BERHAD**, state that, in the opinion of the directors, the financial statements set out on pages 74 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year ended on that date.

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

NG WAI PIN

DATO' HAJI JOHAR BIN MURAT @ MURAD

22 March 2022

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF THE COMPANY
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **HEE KOK HIONG**, MIA Membership Number:15526, being the officer primarily responsible for the financial management of **FRONTKEN CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 74 to 158 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

HEE KOK HIONG

Subscribed and solemnly declared by the
abovementioned **HEE KOK HIONG** at
KUALA LUMPUR this 22nd day of March 2022.

Before me,
Datin Hajah Raihela Binti Wanchik (No. W-275)
COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2021 RM'000	Date of acquisition
Frontken (Singapore) Pte Ltd (FS) Pte Lot A12843 (to be known as Pte Lot A21020) Bearing postal address: 156A Gul Circle Singapore 629614	2 factory buildings with mezzanine office and a 4-storey factory to house production facilities	11,154/ 11,213	25 years, 35 years & 11 years	Leasehold expiring on 19.07.2039	13,297	01.08.2001
FS Pte Lot A22490 (to be known as Pte Lot A1355601) Bearing postal address: 15 Gul Drive Singapore 629466	4-storey factory building to house production facilities and R&D activities	4,877/ 3,147	20 years	Leasehold expiring on 30.04.2026	1,193	18.03.2005
Frontken Malaysia Sdn Bhd (FM) 177296 Lot 38206 Pekan Baru Hicom Daerah Petaling Selangor Darul Ehsan Bearing postal address: Lot 2-46 Jalan Subang Utama 7 Taman Perindustrian Subang Utama Seksyen 22 40300 Shah Alam Selangor Darul Ehsan	1½-storey detached factory building to house production facilities	2,023/ 1,006	25 years	Freehold	1,833	17.03.2003
FM 177293 Lot 38196 Pekan Baru Hicom Daerah Petaling Selangor Darul Ehsan Bearing postal address: Lot 2-47 Jalan Subang Utama 8 Taman Perindustrian Subang Utama Seksyen 22 40300 Shah Alam Selangor Darul Ehsan	Vacant industrial land	2,177/ -	N/A	Freehold	1,500	04.07.2007

LIST OF PROPERTIES
(CONT'D)

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2021 RM'000	Date of acquisition
FM GRN 210078 Lot 4494 Seksyen 39 Bandar Kulim Daerah Kulim Kedah Darul Aman Bearing postal address: PT1923, Jalan Hi Tech 2/3 Industrial Zone Phase 1 Kulim Hi-Tech Industrial Park, 09090 Kulim Kedah Darul Aman	Single-storey detached factory building to house production facilities and R&D activities	12,141/ 3,299	16 years	Leasehold expiring on 08.05.2066	5,658	23.12.2005
FM GRN 210078 Lot 4494 Seksyen 39 Bandar Kulim Daerah Kulim Kedah Darul Aman Bearing postal address: PT 1923 Jalan Hi Tech 2/3 Industrial Zone Phase 1 Kulim Hi-Tech Industrial Park, 09090 Kulim Kedah Darul Aman	Vacant industrial land	15,419/ -	N/A	Leasehold expiring on 08.05.2066	1,587	09.11.2007
Ares Green Technology Corporation (AGTC) 0273-0000, 0276-0000 & 0277-0000 Bearing postal address: No. 17, Bade Road Xinying Dist. Tainan City 730014 Taiwan, R.O.C.	A single-storey factory building and a 2-storey factory building to house production facilities and R&D activities and a 2-storey office building	16,966/ 17,371	21 years	Freehold	55,572	14.06.2004
AGTC 0007-0000, 0022-0000, 0027-0000 & 0027-0004 ~ 0027-0025 Bearing postal address: Taizi Road, Xinying Dist. Tainan City, Taiwan R.O.C.	Storage area	2,308/ -	N/A	Freehold	10,671	29.12.2021

LIST OF PROPERTIES
(CONT'D)

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2021 RM'000	Date of acquisition
AGTC 0132-0000 Bearing postal address: No. 6-2, Luke 3rd Road Luzhu Dist. Kaohsiung City 821011, Taiwan R.O.C.	A single-storey factory building to house production facilities and R&D activities	18,767/ 10,972	7 years	Leasehold expiring on 07.07.2041	53,382	13.07.2021
PT Frontken Indonesia NIB No. 28.04.02.19.00499 28.04.02.19.00497 28.04.02.19.00495 28.04.02.19.00493 28.04.02.19.00492 28.04.02.19.00490 Bearing postal address: Jl. Raya Serang KM.13 RT.003/RW.002 Kp. Cirewed Sukadamai - Cikupa Tangerang Banten Indonesia 15710	A single-storey factory building to house production facilities and office	5,385/ 3,222	37 years	Leasehold expiring on 17.10.2039 & 19.05.2041	1,253	12.12.2011
TTES Frontken Integrated Services Sdn Bhd Lot 3687 & 3688 Kawasan Perindustrian Teluk Kalong 24000 Terengganu Bearing postal address: Lot 3687 & 3688 Kawasan Perindustrian Teluk Kalong 24000 Terengganu	Vacant industrial land	4,133/ -	N/A	Leasehold expiring on 22.08.2057	221	08.12.2009

SHAREHOLDINGS STATISTICS
AS AT 31 MARCH 2022

Issued and Paid-up Share Capital	:	RM118,441,045 comprising 1,580,152,675 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2022

Size of holdings	No. of shareholders	% of shareholders	*No. of shares	*% of issued capital
Less than 100	524	4.1	24,416	~
100 – 1,000	3,549	27.7	2,295,818	0.1
1,001 – 10,000	6,566	51.3	24,488,663	1.6
10,001 – 100,000	1,591	12.4	48,525,908	3.1
100,001 to less than 5% of issued shares	576	4.5	1,132,835,561	72.1
5% and above of issued shares	3	~	362,781,059	23.1
Total	12,809	100.0	1,570,951,425	100.0

Notes:
~ Negligible
* Excluding 9,201,250 shares held as treasury shares as at 31 March 2022
Distribution of shareholdings based on Record of Depositors

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2022

The shareholdings of the directors of the Company and the number of shares held by them as recorded in the Register of Director Shareholdings at the date of this statement are as follows:

		Direct		Indirect	
No.	Name	No. of shares	*%	No. of shares	*%
1.	Ng Wai Pin	10,149,350	0.6	264,037,209	16.8
2.	Dr Tay Kiang Meng	14,107,212	0.9	-	-
3.	Dato' Haji Johar Bin Murat @ Murad	-	-	-	-
4.	Ng Chee Whye	125,000	~	188,580	~
5.	Gerald Chiu Yoong Chian	-	-	-	-
6.	Koh Huey Min	-	-	3,000	~

Notes:
~ Negligible
* Excluding 9,201,250 shares held as treasury shares as at 31 March 2022

SHAREHOLDINGS STATISTICS
AS AT 31 MARCH 2022 (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022

		Direct		Indirect	
No.	Name	No. of shares	*%	No. of shares	%
1.	Dazzle Clean Ltd	264,037,209	16.8	-	-
2.	Ooi Keng Thye	233,747,100	14.9	-	-

Notes:
* Excluding 9,201,250 shares held as treasury shares as at 31 March 2022
Substantial shareholders based on Register of Substantial Shareholders

THIRTY LARGEST SHAREHOLDERS
(As extracted from the Record of Depositors as at 31 March 2022)

No.	Shareholders	No. of shares	*% of issued capital
1	RHB Capital Nominees (Asing) Sdn Bhd *Dazzle Clean Ltd*	149,702,326	9.53
2	Dazzle Clean Ltd	114,334,883	7.28
3	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye*	98,743,850	6.29
4	Lembaga Tabung Haji	36,900,000	2.35
5	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad For Hong Leong Value Fund*	35,500,000	2.26
6	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad - Kenanga Growth Fund*	33,143,800	2.11
7	Ooi Keng Thye	32,604,300	2.08
8	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye (6000009)*	28,014,550	1.78
9	Amanahraya Trustees Berhad *Public Islamic Opportunities Fund*	27,086,700	1.72
10	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Chew Giap (6000179)*	25,799,750	1.64
11	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An For AIA Bhd.*	25,036,000	1.59
12	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	21,958,500	1.40
13	Amanahraya Trustees Berhad *Public Islamic Dividend Fund*	21,398,750	1.36
14	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad For Hong Leong Balanced Fund*	17,941,000	1.14

SHAREHOLDINGS STATISTICS
AS AT 31 MARCH 2022 (CONT'D)

THIRTY LARGEST SHAREHOLDERS (CONT'D)
(As extracted from the Record of Depositors as at 31 March 2022)

No.	Shareholders	No. of shares	*% of issued capital
15	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	17,030,200	1.08
16	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye (E-PPG)*	16,661,400	1.06
17	Tokio Marine Life Insurance Malaysia Bhd *As Beneficial Owner (PF)*	16,620,500	1.06
18	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)*	15,162,000	0.97
19	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Ooi Keng Thye (Smart)*	14,973,000	0.95
20	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye (023)*	14,701,950	0.94
21	Tay Kiang Meng	14,107,212	0.90
22	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA For Vanguard Total International Stock Index Fund*	13,856,450	0.88
23	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA For Vanguard Emerging Markets Stock Index Fund*	13,727,350	0.87
24	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Chew Giap (023)*	13,085,800	0.83
25	HSBC Nominees (Asing) Sdn Bhd *BBH (LUX) SCA For Matthews Asia Funds-Asia Ex Japan Dividend Fund*	12,794,400	0.81
26	DB (Malaysia) Nominee (Asing) Sdn Bhd *The Bank Of New York Mellon For Acadian Emerging Markets Small Cap Equity Fund, LLC*	12,402,219	0.79
27	Cartaban Nominees (Asing) Sdn Bhd *Exempt An For State Street Bank & Trust Company (West CLT OD67)*	12,346,300	0.79
28	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Ooi Keng Thye*	12,316,500	0.78
29	HSBC Nominees (Asing) Sdn Bhd *TNTC For Barings Asean Frontiers Fund*	11,317,650	0.72
30	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)*	11,205,700	0.71

Note:

* Excluding 9,201,250 shares held as treasury shares as at 31 March 2022

WARRANT HOLDINGS STATISTICS
AS AT 31 MARCH 2022

Type of Securities	:	Warrants B
Total Warrants B issued but not exercised	:	524,137,195
Voting rights	:	The holder of warrant is not entitled to any voting rights

DISTRIBUTION OF WARRANT HOLDINGS AS AT 31 MARCH 2022

Size of holdings	No. of warrant holders	% of warrant holders	No. of warrants	% of warrants
Less than 100	817	9.0	35,276	~
100 – 1,000	2,602	28.7	1,396,192	0.3
1,001 – 10,000	2,937	32.4	14,018,829	2.7
10,001 – 100,000	2,215	24.5	78,549,155	15.0
100,001 to less than 5% of issued warrants	484	5.4	288,330,657	55.0
5% and above of issued warrants	3	~	141,807,086	27.0
Total	9,058	100.0	524,137,195	100.0

Note:
~ Negligible

DIRECTORS' WARRANT HOLDINGS AS AT 31 MARCH 2022

The number of warrants held by the directors of the Company as at the date of this statement is follows:

		Direct		Indirect	
No.	Name	No. of warrants	%	No. of warrants	%
1.	Ng Wai Pin	3,356,450	0.6	105,690,736	20.2
2.	Dr Tay Kiang Meng	4,702,404	0.9	-	-
3.	Dato' Haji Johar Bin Murat @ Murad	-	-	-	-
4.	Ng Chee Whye	10,000	~	62,860	~
5.	Gerald Chiu Yoong Chian	-	-	-	-
6.	Koh Huey Min	-	-	-	-

Note:
~ Negligible

WARRANT HOLDINGS STATISTICS
AS AT 31 MARCH 2022 (CONT'D)

THIRTY LARGEST WARRANT HOLDERS
(As extracted from the Record of Depositors as at 31 March 2022)

No.	Warrant holders	No. of warrants	% of warrants
1	RHB Capital Nominees (Asing) Sdn Bhd *Dazzle Clean Ltd*	63,414,442	12.10
2	Dazzle Clean Ltd	42,276,294	8.07
3	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye*	36,116,350	6.89
4	Ooi Keng Thye	13,096,700	2.50
5	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye (6000009)*	11,081,250	2.11
6	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Chew Giap (6000179)*	10,676,250	2.04
7	Amanahraya Trustees Berhad *Public Islamic Opportunities Fund*	9,028,900	1.72
8	Koh Kok Choon	8,250,000	1.57
9	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	6,209,500	1.18
10	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Boon Ping (7004677)*	6,100,000	1.16
11	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye (E-PPG)*	5,997,800	1.14
12	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Chew Giap*	5,579,100	1.06
13	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Ooi Keng Thye (Smart)*	5,291,000	1.01
14	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye (023)*	4,922,650	0.94
15	Tay Kiang Meng	4,702,404	0.90
16	Cartaban Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad For Interpac Dana Safi*	4,661,300	0.89
17	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Chew Giap (023)*	4,395,200	0.84
18	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Ooi Keng Thye*	4,275,500	0.82
19	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Boon Ping (KLC/PIV)*	4,100,000	0.78
20	HSBC Nominees (Asing) Sdn Bhd *TNTC For Barings Asean Frontiers Fund*	3,772,550	0.72

WARRANT HOLDINGS STATISTICS
AS AT 31 MARCH 2022 (CONT'D)

THIRTY LARGEST WARRANT HOLDERS
(As extracted from the Record of Depositors as at 31 March 2022)

No.	Warrant holders	No. of warrants	% of warrants
21	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Cheng Chew Giap*	3,389,500	0.65
22	SJ SEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Keng Thye (SMT)*	3,354,100	0.64
23	Citigroup Nominees (Tempatan) Sdn Bhd *UBS AG Singapore For Ng Wai Pin*	3,321,450	0.63
24	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Yoon Sun (MY3608)*	3,000,000	0.57
25	CIMB Islamic Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund*	2,897,000	0.55
26	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tay Moy Koh (Segamat-CL)*	2,751,400	0.52
27	Loo Lai Ming	2,650,000	0.51
28	Chee Yuke Keng @ Chee Chi Kiong	2,625,000	0.50
29	Amanahraya Trustees Berhad *Public Islamic Dividend Fund*	2,305,550	0.44
30	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Chin Yuen (7003308)*	1,924,000	0.37

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company ("18th AGM") will be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan on Friday, 10 June 2022 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

As Ordinary Business:

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

2. To re-elect the following Directors:

   (a) Mr Gerald Chiu Yoong Chian who will be retiring pursuant to Clause 75(2) of the Company's Constitution; and **(Ordinary Resolution 1)**

   (b) Ms Koh Huey Min who will be retiring pursuant to Clause 77 of the Company's Constitution. **(Ordinary Resolution 2)**

3. To approve the payment of Directors' fees and Benefits of up to RM600,000.00 for the financial year ending 31 December 2022 up to the following next Annual General Meeting. **(Ordinary Resolution 3)**

4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorize the Directors to fix their remuneration. **(Ordinary Resolution 4)**

As Special Business:

To consider and if thought fit, to pass the following Resolutions:

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")** **(Ordinary Resolution 5)**

   "**THAT** subject always to the Act, the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad ("Bursa Securities") and the relevant regulatory authorities where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares of the Company at any time until the conclusion of the next Annual General Meeting ("AGM") or any adjournment thereof and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue until 31 December 2022 and thereafter, to revert to not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue until the conclusion of the next AGM of the Company;

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

6. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")** **(Ordinary Resolution 6)**

"**THAT** subject to the provisions under the Act, the Constitution of the Company, the Listing Requirements and any other applicable laws, rules, regulations and guidelines for the time being in force, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("Shares") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of Shares purchased pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company.

THAT the maximum amount of funds to be allocated for the purpose of purchasing the Shares shall not exceed the retained profits of the Company.

THAT authority be and is hereby given to the Directors to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any of the Shares so purchased by the Company in the following manner:

(i) the Shares so purchased could be cancelled or transferred; or
(ii) the Shares so purchased could be retained as treasury shares for distribution as dividends or bonus shares to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or transferred to employees under an employees' share scheme and/or as purchase consideration for any acquisition; or
(iii) combination of (i) and (ii) above.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution and shall continue to be in force until:

(i) the conclusion of the next AGM or any adjournment thereof of the Company, at which time the said authority would lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM is required by law to be held; or
(iii) the authority is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

7. To transact any other business of which due notice shall be given.

BY ORDER OF THE BOARD
Mah Li Chen (MAICSA 7022751) (PC No. 202008002006)
Chew Mei Ling (MAICSA 7019175) (PC No. 201908003798)
Company Secretaries

Kuala Lumpur
28 April 2022

Notes:

1. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time fixed for convening the 18th AGM or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIIH Online.
5. For the purpose of determining a member who shall be entitled to attend the 18th AGM or any adjournment thereof, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 3 June 2022. Only a depositor whose name appears on the Record of the Depositors as at 3 June 2022 shall be entitled to attend and vote at this 18th AGM or any adjournment thereof or appoint proxies to attend and/or vote on his/her behalf.
6. All resolutions at the 18th AGM or any adjournment thereof shall be voted by poll.

Explanatory Notes on Ordinary Business:

1. **Item 1 of the Agenda**

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

2. **Item 2 of the Agenda**

   Dato' Haji Johar Bin Murat @ Murad, who will be retiring pursuant to Clause 75(2) of the Company's Constitution has indicated that he would not be seeking for re-election at the 18th AGM and shall retire thereat.

   The Nomination Committee has evaluated Mr Gerald Chiu based on the Board Effectiveness Evaluation conducted by BDO Governance Advisory Sdn Bhd to assess the Board and has found Mr Gerald Chiu to have met the Board's expectation in discharging his duties and responsibilities and recommended to the Board for his re-election. In turn, the Board recommends to the shareholders to re-elect Mr Gerald Chiu at the 18th AGM or any adjournment thereof.

   The Board having appointed Ms Koh Huey Min to the Board on 1 December 2021 also recommends to the shareholders that she be re-appointed a Director at the 18th AGM or any adjournment thereof.

2. **Item 3 of the Agenda**

   Section 230(1) of the Act requires that the fees of the directors and any benefits payable to the directors be approved at a general meeting. The benefits comprised of travelling allowance.

Explanatory Note on Special Business:

4. **Item 5 of the Agenda**

Bursa Malaysia Berhad has vide its letter dated 23 December 2021, extended the period up to 31 December 2022 for the increased general mandate of 20% for new issue of securities by way of private placement and general mandate of 50% for new issue of securities by way of rights issue as its efforts in continuing to facilitate a conducive fundraising ecosystem for public listed companies. The proposed Ordinary Resolution 5, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 20% of the total number of issued shares of the Company (excluding treasury shares) by way of private placement up to 31 December 2022 and thereafter, to revert to not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) until the conclusion of the next AGM of the Company without the need to convene a general meeting and for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of next AGM of the Company. The Board is of the view that the 20% general mandate is in the best interest of the Company and its shareholders as it would provide the flexibility to the Company for any possible fundraising activities that the Company may undertake for working capital and/or any acquisition purposes in an expeditious and efficient manner. At this juncture, there is no decision to issue new shares. If there should be a decision to issue any new share after the general mandate is sought, the Company will make an announcement in respect thereof.

The proposed Ordinary Resolution 5 is a renewal of the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. The Company had, at the 17th AGM held on 3 June 2021, obtained its shareholders' approval for the general mandate for issuance of new shares not exceeding 20% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue until 31 December 2021 and thereafter, to revert to not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue until the conclusion of the next AGM of the Company pursuant to Sections 75 and 76 of the Act. As at the date of this notice, the Company did not issue any share pursuant to the said mandate.

5. **Item 6 of the Agenda**

The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company the authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. This authority will, unless renewed or revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next AGM or any adjournment thereof of the Company or the expiry of the period within which the next AGM of the Company following the 18th AGM is required by the law to be held. Please refer to the Share Buy-Back Statement dated 28 April 2022 which is circulated together with this Notice for more information.

PROXY FORM

FRONTKEN

FRONTKEN CORPORATION BERHAD
200401012517 (651020-T)
(Incorporated in Malaysia under the Companies Act 2016)

CDS Account No.

No. of shares held

I/We ____ Tel. No.: ______________________________
[Full name in block, NRIC No./Company No.]

of ____
[Address]

____

being a member/members of Frontken Corporation Berhad, hereby appoint:

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting ("18th AGM") of the Company to be held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor on Friday, 10 June 2022 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	Re-election of Mr Gerald Chiu Yoong Chian	Ordinary Resolution 1		
2.	Re-election of Ms Koh Huey Min	Ordinary Resolution 2		
3.	Payment of Directors' fees and Benefits	Ordinary Resolution 3		
4.	Re-appointment of auditors	Ordinary Resolution 4		
5.	Authority to issue shares	Ordinary Resolution 5		
6.	Proposed Renewal of Share Buy-Back Mandate	Ordinary Resolution 6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy may vote or abstain as he/she thinks fit.

Signed this ____________________ day of ____________, 2022.

____
Signature of Shareholder(s)/Common Seal

Notes:

1. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at https://tiih.online not less than forty-eight (48) hours before the time fixed for convening the 18th AGM or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIIH Online.
5. For the purpose of determining a member who shall be entitled to attend the 18th AGM or any adjournment thereof, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 3 June 2022. Only a depositor whose name appears on the Record of the Depositors as at 3 June 2022 shall be entitled to attend and vote at this 18th AGM or any adjournment thereof or appoint proxies to attend and/or vote on his/her behalf.
6. All resolutions at the 18th AGM or any adjournment thereof shall be voted by poll.

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stamp

FRONTKEN CORPORATION BERHAD
200401012517 (651020-T)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
MALAYSIA

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