



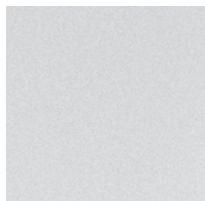
PMB TECHNOLOGY BERHAD
(Company No. 584257-X)

ANNUAL REPORT **2016**

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CORPORATE INFORMATION



BOARD OF DIRECTORS

Dato' Koon Poh Keong
Chairman

Koon Poh Ming
Chief Executive Officer

Koon Poh Weng

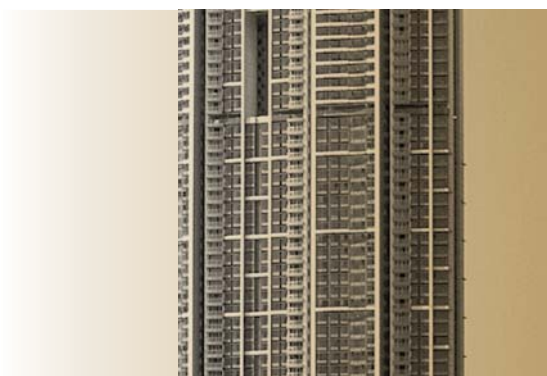
Dato' Koon Poh Tat

Loo Lean Hock

David Tan Hung Hoe

Ernest Bong Miau Fatt

Noor Alina Binti Mohamad Faiz
(Appointed on 18 October 2016)



COMPANY SECRETARIES

Tan Ai Ning (MAICSA 7015852)
Te Hock Wee (MAICSA 7054787)

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,
Malaysia.

Tel : 603 - 2783 9299
Fax : 603 - 2783 9222

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

Tel : 603 - 7720 1188
Fax : 603 - 7720 1111

CORPORATE OFFICE

Lot 1797, Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan,
Malaysia.

Tel : 603 - 8961 5205

Fax : 603 - 8961 1904

Website URL: www.pmbtechnology.com

PRINCIPAL BANKERS

Bangkok Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
Ambank (M) Berhad

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
(Chartered Accountants)
Level 10, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

Tel : 603 - 7721 3388

Fax : 603 - 7721 3399

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of PMB Technology Berhad will be held at Room Tunku Abdul Rahman, Commonwealth House, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur on Wednesday, 7 June 2017 at 10.30 a.m.

AGENDA

As Ordinary Business

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. | (Please refer to
Note 1 of the
Explanatory Notes) |
| 2. | To approve the payment of Directors' Fees for the financial year ended 31 December 2016. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors' Fees and benefits payable to the Directors up to an aggregate amount of RM140,000 for the financial year ending 31 December 2017. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors retiring pursuant to Article 84 of the Articles of Association of the Company: | |
| | (i) Mr Loo Lean Hock | Ordinary Resolution 3 |
| | (ii) Dato' Koon Poh Tat | Ordinary Resolution 4 |
| | (iii) Mr Ernest Bong Miao Fatt | Ordinary Resolution 5 |
| 5. | To re-elect Puan Noor Alina Binti Mohamad Faiz who is retiring pursuant to Article 91 of the Articles of Association of the Company. | Ordinary Resolution 6 |
| 6. | To re-appoint KPMG PLT (converted from a conventional partnership, Messrs KPMG, on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As Special Business

To consider and, if thought fit, to pass the following resolutions:

- | | | |
|----|--|------------------------------|
| 7. | Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares | |
| | “THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.” | Ordinary Resolution 8 |
| 8. | Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director | |
| | “THAT authority be and is hereby given to Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012.” | Ordinary Resolution 9 |

NOTICE OF ANNUAL GENERAL MEETING

cont'd

9. **Authority for Ernest Bong Miau Fatt to continue in office as Independent Non-Executive Director**

“THAT authority be and is hereby given to Ernest Bong Miau Fatt who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012.”

Ordinary Resolution 10

10. **Proposed Renewal of Shareholders' Mandate for PMB Technology Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders' Mandate”)**

“THAT approval be and is hereby given to the Company and its subsidiaries (“PMBT Group”) to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 (i) of the Circular to Shareholders dated 27 April 2017 (“Circular”) which are necessary for the PMBT Group’s day-to-day operations subject to the following:

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of recurrent related party transactions made, the names of the related parties involved in each type of recurrent related party transactions and their relationships with the Group.

THAT the authority conferred shall continue to be in force until:

- i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.”

Ordinary Resolution 11

NOTICE OF ANNUAL GENERAL MEETING

cont'd

11. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

“THAT subject to the Companies Act 2016 (“Act”), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the Company’s aggregate retained profits as at 31 December 2016 to purchase such amount of ordinary shares in the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company 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 and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

Ordinary Resolution 12

12. To transact any other business for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

BY ORDER OF THE BOARD

TAN AI NING (MAICSA 7015852)
TE HOCK WEE (MAICSA 7054787)
Company Secretaries

Selangor Darul Ehsan

Date: 27 April 2017

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the Fifteenth Annual General Meeting of the Company shall be put to vote by way of poll.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. To receive the Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will **not be put for voting**.

2. Ordinary Resolution 8 on Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its Fourteenth Annual General Meeting held on 16 June 2016, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the then Section 132D of the Companies Act, 1965. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 8 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

3. Ordinary Resolution 9 on Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director

The Board of Directors had on 27 February 2017 via the Nomination Committee conducted an annual performance evaluation and assessment of Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. He fulfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- b. His experience in audit and accounting industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence. As he has been with the Company for more than nine (9) years, he therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations and discussions at Audit Committee, Remuneration Committee, Nomination Committee and Board meetings without compromising his independent and objective judgement.
- c. He exhibited high commitment and devoted sufficient time to his responsibilities as an Independent Non-Executive Director of the Company.

4. Ordinary Resolution 10 on Authority for Ernest Bong Miao Fatt to continue in office as Independent Non-Executive Director

The Board of Directors had on 27 February 2017 via the Nomination Committee conducted an annual performance evaluation and assessment of Ernest Bong Miao Fatt who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. He fulfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- b. His experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence. He has been with the Company for more than nine (9) years and therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations and discussions at Audit Committee, Remuneration Committee, Nomination Committee and Board meetings without compromising his independent and objective judgement.
- c. He exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

5. Ordinary Resolution 11 on Proposed Renewal of Shareholders' Mandate for PMB Technology Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 11 proposed under item 10 of the Agenda, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

For further information on Ordinary Resolution 11, please refer to Part A of the Circular to Shareholders dated 27 April 2017 accompanying the Annual Report of the Company for the financial year ended 31 December 2016.

6. Ordinary Resolution 12 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 12, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held.

For further information on Ordinary Resolution 12, please refer to the Statement to Shareholders in Part B of the Circular to Shareholders dated 27 April 2017 accompanying the Annual Report of the Company for the financial year ended 31 December 2016.

Personal data privacy:

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

PROFILE OF DIRECTORS



Dato' Koon Poh Keong
Chairman, Non-Independent
(*Malaysian, Male, Aged 56*)

Dato' Koon Poh Keong is a Non-Independent Executive Chairman of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. He is also the Group Chief Executive Officer of Press Metal Berhad. He graduated with a Bachelor of Science in Electrical Engineering from The University of Oklahoma, United States of America, in 1986. He is the brother to Koon Poh Ming, Koon Poh Weng and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.

Koon Poh Ming
Chief Executive Officer, Non-Independent
(*Malaysian, Male, Aged 60*)

Mr Koon Poh Ming is the Chief Executive Officer of the Company since 15 September 2003. He attended all the four (4) Board meetings held during the financial year. He is also the Executive Vice Chairman of Press Metal Berhad. He graduated from University of Wales, United Kingdom with a degree in Civil and Structural Engineering in 1981. He is a professional engineer registered with the Board of Engineers, Malaysia and The Institute of Engineers, Malaysia. He has been actively involved in the aluminium trading and manufacturing and construction for more than 30 years. He is the brother to Dato' Koon Poh Keong, Koon Poh Weng and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.



Koon Poh Weng
Executive Director
(*Malaysian, Male, Aged 62*)

Mr Koon Poh Weng is a Non-Independent, Executive Director of the Company since 15 September 2003. He attended three (3) out of four (4) Board meetings held during the financial year. He is currently the Executive Director of Press Metal Berhad. His experiences include the management of major projects throughout the country. He has been responsible for all aspects of the management and for producing satisfactory results on large variety of projects ranging from schools, government complexes to prominent hotels. He is the brother to Koon Poh Ming, Dato' Koon Poh Keong and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.



PROFILE OF DIRECTORS

cont'd



Dato' Koon Poh Tat
Executive Director
(Malaysian, Male, Aged 57)

Dato' Koon Poh Tat is a Non-Independent, Executive Director of the Company since 15 September 2003. He attended all four (4) Board meetings held during the financial year. He is also the Executive Director of Press Metal Berhad. He has more than 25 years of experience in the aluminium industry. He is the brother to Koon Poh Ming, Dato' Koon Poh Keong and Koon Poh Weng. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.

David Tan Hung Hoe
Executive Director
(Malaysian, Male, Aged 52)

Mr David Tan Hung Hoe was appointed as an Independent Director of the Company since 15 September 2003 and redesignated as Non-Independent, Executive Director on 3 May 2007. He attended all the four (4) Board meetings held during the financial year. He holds a Master Degree in Business Administration from University of Georgia and a Bachelor of Science Degree from University of Arkansas majoring in Banking and Finance. He started his career in the United States with a regional investment bank as a Corporate Finance Analyst for a period of three (3) years covering industries such as banking, high-tech manufacturing and oil and gas operations. Upon returning to Malaysia in 1993, he joined a local merchant bank as a Corporate Finance Executive, involved in a wide range of corporate advisory services and was promoted to the position of Vice-President, Corporate Finance. From 1996 to 2007, he was the Corporate Affairs General Manager of a public listed company, overseeing various corporate developments and expansion. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.



PROFILE OF DIRECTORS

cont'd



Loo Lean Hock

Senior Independent Non-Executive Director
(*Malaysian, Male, Aged 57*)

Mr Loo Lean Hock was appointed as an Independent Non-Executive Director of the Company on 15 September 2003 and redesignated as Senior Independent Non-Executive Director on 27 February 2006. He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee. He attended all the four (4) Board meetings held during the financial year. He is a Chartered Accountant of Malaysian Institute of Accountants, a practicing member of Malaysian Institute of Certified Public Accountants, Fellow of CPA Australia; associate member of Chartered Tax Institute of Malaysia; and Malaysian Institute of Management. He obtained his Master of Business Administration from University of Bath, United Kingdom in 1992. He started his professional career in Coopers & Lybrand from 1980 to 1990. He joined Press Metal Berhad in 1990 as the Financial Controller. After that, he joined The Crown Princess Kuala Lumpur (a hotel division of Asia Pacific Land Berhad) as the Financial Controller. He set up his own auditing firm, L.H. Loo & Co. in July 1993 as the sole practitioner. He is also a director of L. H. Loo Taxation Services Sdn. Bhd., and the Managing Director and Chief Executive Officer of LVIO Precision Sdn. Bhd. Presently, he is an Independent Non-Executive Director of Press Metal Berhad. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.

Ernest Bong Miau Fatt

Independent Non-Executive Director
(*Malaysian, Male, Aged 61*)

Mr Ernest Bong Miau Fatt was appointed as an Independent Non-Executive Director on 30 November 2007. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. He attended all the four (4) Board meetings held during the financial year. He holds a Bachelor Science Degree in Engineering from University of Wales, United Kingdom. He has been in engineering business for 36 years since 1981. He is a registered competent person for elevators with Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.



PROFILE OF DIRECTORS

cont'd

Noor Alina Binti Mohamad Faiz

Independent Non-Executive Director
(*Malaysian, Female, Aged 42*)



Puan Noor Alina Binti Mohamad Faiz was appointed to the Company as an Independent Non-Executive Director on 18 October 2016. She also serves as a member of the Audit, Nomination and Remuneration Committees. She attended one (1) Board meeting subsequent to her appointment to the Board during the financial year. Presently, she also acts as an Independent Non-Executive Director of Press Metal Berhad. She graduated with a L.L.B. (Honours) from University of Leicester, United Kingdom in 1996. She is a member of the Middle Temple and was called to the Bar of England and Wales in 1998. After her return to Malaysia, she chambered with Messrs Lee, Perara & Tan and upon being called to the Malaysian Bar in 1999, she was practised with the said firm until 2009. Between 2010 and 2015, she was the Group General Manager and subsequently Head of Department of the legal and secretarial departments of Media Prima Berhad and Peremba (Malaysia) Sdn Bhd, respectively. In 2016 she provided consultancy services for legal and secretarial matters for various companies before resuming practise in 2017 as the sole proprietor of the Chambers of Noor Alina Faiz. She has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years.

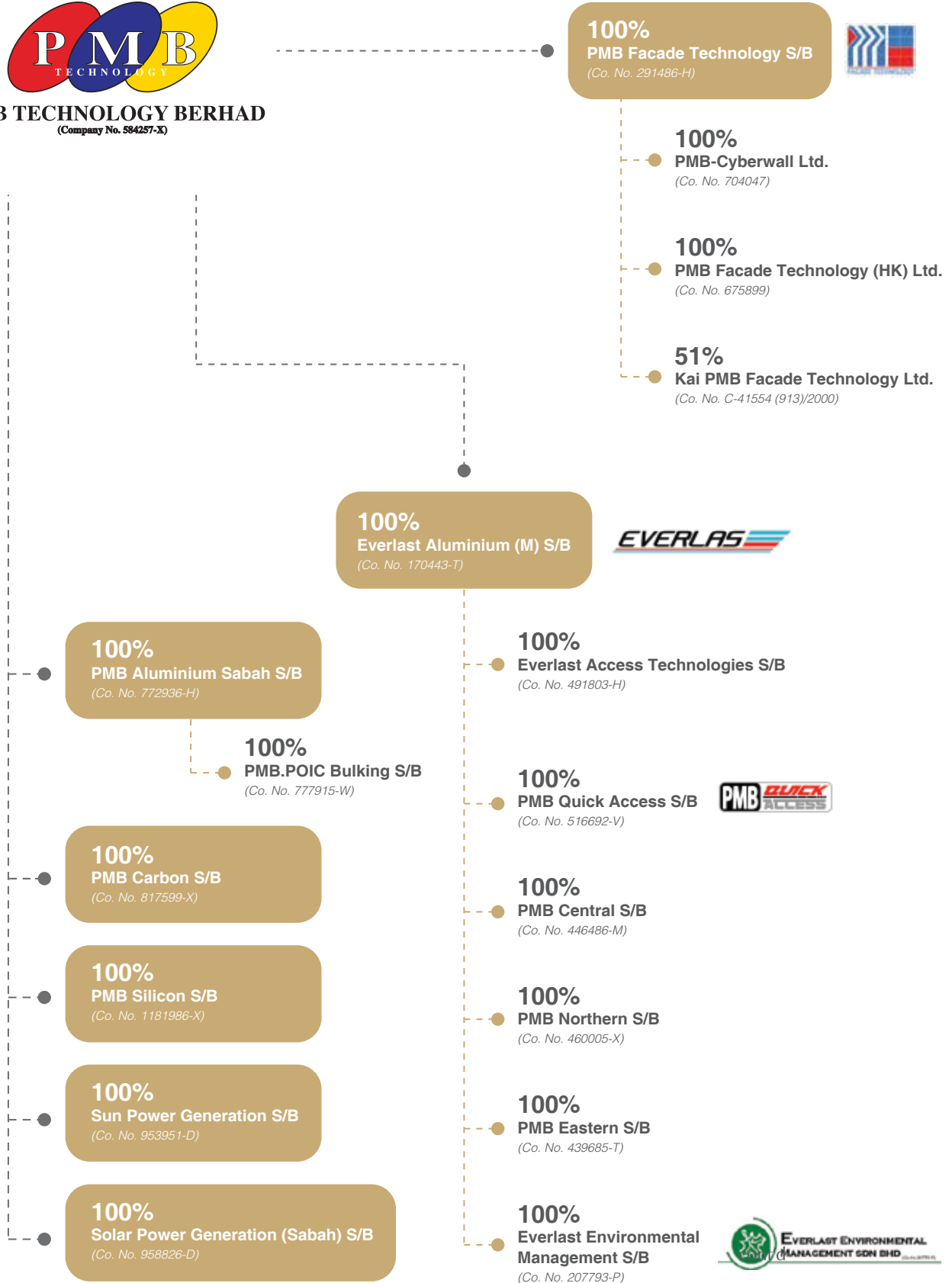
PROFILE OF KEY SENIOR MANAGEMENT

Profiles of Mr. Koon Poh Ming, Mr. Koon Poh Weng and Dato' Koon Poh Tat are set out on pages 8 to 9 of this Annual Report.

GROUP STRUCTURE



PMB TECHNOLOGY BERHAD
(Company No. 584257-X)



100%
PMB Facade Technology S/B
(Co. No. 291486-H)



100%
PMB-Cyberwall Ltd.
(Co. No. 704047)

100%
PMB Facade Technology (HK) Ltd.
(Co. No. 675899)

51%
Kai PMB Facade Technology Ltd.
(Co. No. C-41554 (913)/2000)

100%
Everlast Aluminium (M) S/B
(Co. No. 170443-T)



100%
PMB Aluminium Sabah S/B
(Co. No. 772936-H)

100%
Everlast Access Technologies S/B
(Co. No. 491803-H)

100%
PMB.POIC Bulking S/B
(Co. No. 777915-W)

100%
PMB Quick Access S/B
(Co. No. 516692-V)



100%
PMB Carbon S/B
(Co. No. 817599-X)

100%
PMB Central S/B
(Co. No. 446486-M)

100%
PMB Silicon S/B
(Co. No. 1181986-X)

100%
PMB Northern S/B
(Co. No. 460005-X)

100%
Sun Power Generation S/B
(Co. No. 953951-D)

100%
PMB Eastern S/B
(Co. No. 439685-T)

100%
Solar Power Generation (Sabah) S/B
(Co. No. 958826-D)

100%
Everlast Environmental Management S/B
(Co. No. 207793-P)



GROUP STRUCTURE

cont'd

Details of the subsidiary companies of PMB Technology Berhad are summarised below : -

Name	Date and place of incorporation	Issued and paid-up share capital	Effective Equity Interest (%)	Principal Activities
Subsidiary Companies held directly				
PMB Façade Technology Sdn. Bhd. ("PMBF")	05.03.94 Malaysia	RM 1,500,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and manufacturing and trading of aluminium related products
Everlast Aluminium (M) Sdn. Bhd. ("EASB")	07.05.88 Malaysia	RM1,000,000	100.00	Marketing of aluminium and other related products
PMB Aluminium Sabah Sdn. Bhd. ("PMBAS")	11.05.07 Malaysia	RM200,000	100.00	Marketing of all types of aluminium sections, gypsum boards and other related products
PMB Carbon Sdn. Bhd.	14.05.08 Malaysia	RM1,000,000	100.00	Dormant
PMB Silicon Sdn. Bhd.	01.04.16 Malaysia	RM3,000,000	100.00	Dormant
Sun Power Generation Sdn. Bhd.	22.07.11 Malaysia	RM100	100.00	Dormant. This Company is in the process of striking off.
Solar Power Generation (Sabah) Sdn. Bhd.	26.08.11 Malaysia	RM100	100.00	Dormant. This Company is in the process of striking off.
Subsidiary Companies held indirectly through PMBF				
PMB Facade Technology (H.K.) Ltd.	17.05.99 Hong Kong	HKD 10,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and other related products
PMB - Cyberwall Ltd.	11.02.00 Hong Kong	HKD 13,000,000	100.00	Design, fabrication and installation of aluminium curtain wall, cladding system and other related products
KAI PMB Facade Technology Ltd.	18.10.00 Bangladesh	BDT 5,000,000	51.00	Dormant
Subsidiary Companies held indirectly through EASB				
Everlast Access Technologies Sdn. Bhd.	19.08.99 Malaysia	RM 3,000,000	100.00	Manufacturing and marketing of aluminium and other related products
Everlast Environmental Management Sdn. Bhd.	15.11.90 Malaysia	RM 3,000,000	100.00	Dormant
PMB Central Sdn. Bhd.	11.09.97 Malaysia	RM 2,000,000	100.00	Marketing of gypsum boards, aluminium extrusion and other related products
PMB Northern Sdn. Bhd.	27.03.98 Malaysia	RM 1,000,000	100.00	Marketing of aluminium and other related products
PMB Eastern Sdn. Bhd.	16.07.97 Malaysia	RM 150,000	100.00	Marketing of gypsum boards and other related products
PMB Quick Access Sdn. Bhd.	13.06.00 Malaysia	RM 1,000,000	100.00	Manufacturing and marketing of scaffolding tower, rental of machinery and scaffolding tower and trading of other related products
Subsidiary Company held indirectly through PMBAS				
PMB.POIC Bulking Sdn. Bhd.	21.06.07 Malaysia	RM100,000	100.00	Dormant

CALENDAR HIGHLIGHTS

MARCH 2016



CIDB Training

Blood Donation



SEPTEMBER 2016



Career Fair



NOVEMBER 2016



Factory Visit by Undergraduates

CALENDAR HIGHLIGHTS

cont'd

ISO Training



DECEMBER 2016



JANUARY 2017

Annual Dinner



AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises exclusively Independent Non-Executive Directors. Details of the composition of the Audit Committee are as follows:-

Loo Lean Hock (*Chairman*)

Senior Independent Non-Executive Director; Member of the MIA

Ernest Bong Miau Fatt

Independent Non-Executive Director

Noor Alina Binti Mohamad Faiz

Independent Non-Executive Director (Appointed as a member of the Audit Committee on 18 October 2016)

Tuan Haji Mohamad Faiz Bin Abdul Hamid

Independent Non-Executive Director (Ceased as a member of the Audit Committee on 1 September 2016)

Mr Loo Lean Hock is a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”), a practicing member of Malaysian Institute of Certified Public Accountants, Fellow of CPA Australia, associate member of Chartered Tax Institute of Malaysia and Malaysian Institute of Management, which is in compliance with Paragraph 15.09(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). In addition, the Chairman of the Audit Committee is a Senior Independent Non-Executive Director.

The duties and responsibilities of the Audit Committee are spelt out in the terms of reference of the Audit Committee, a copy of which is available on the Company’s website at www.pmbtechnology.com.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2016, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:-

Audit Committee members	No. of meetings attended
Loo Lean Hock	4/4
Ernest Bong Miau Fatt	4/4
Noor Alina Binti Mohamad Faiz <i>(Appointed on 18 October 2016)</i>	1/1
Tuan Haji Mohamad Faiz Bin Abdul Hamid <i>(Ceased on 1 September 2016)</i>	2/3

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee reports regularly to the Board on the activities carried out by the Committee in discharging their duties and responsibilities in accordance with its Terms of Reference.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

The main activities undertaken by the Audit Committee during the financial year ended 31 December 2016 were as follows:-

1. Financial Reporting

- (a) The Audit Committee had ensured that the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standards ("MFRS") and Appendix 9B of the MMLR. The following quarterly unaudited financial results as well as the declaration of dividends were reviewed by the Audit Committee before recommended to the Board of Directors for approval:
 - (i) Unaudited financial results for the fourth quarter ended 31 December 2015 and fourth interim dividend for the financial year ended 31 December 2015 at the meeting held on 25 February 2016;
 - (ii) Unaudited financial results for the first quarter ended 31 March 2016 and first interim dividend for the financial year ended 31 December 2016 at the meeting held on 3 May 2016;
 - (iii) Unaudited financial results for the second quarter ended 30 June 2016 and second interim dividend for the financial year ended 31 December 2016 at the meeting held on 16 August 2016; and
 - (iv) Unaudited financial results for the third quarter ended 30 September 2016 and third interim dividend for the financial year ended 31 December 2016 at the meeting held on 28 October 2016.
- (b) Reviewed the audited financial statements for the financial year ended 31 December 2015 before recommending the same to the Board for approval.

2. External Audit

- (a) At the meeting held on 25 February 2016, the Audit Committee reviewed and discussed the following:
 - (i) The performance and independence of external auditors before recommending to the Board their re-appointment and remuneration; and
 - (ii) The status of audit for the financial year ended 31 December 2015 including the issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the Audit Committee.
- (b) Reviewed, discussed and approved the Audit Plan of the Group which includes the scope of work of the external auditors for the financial year ended 31 December 2016 at the meeting held on 28 October 2016.
- (c) Met with the external auditors twice during the financial year, i.e. on 25 February 2016 and 28 October 2016 without the presence of any executive board members and Management to ensure there were no restrictions on their scope of audit and to discuss any matters that the auditors did not wish to raise in the presence of the Management.
- (d) Reviewed and approved the scope of non-audit services provided by the external auditors to ensure there was no impairment of independence.

3. Internal Audit

- (a) At the meeting held on 25 February 2016, the Audit Committee reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency.
- (b) Reviewed and approved the Internal Audit Plan for 2016 and 2017 during the meetings held on 25 February 2016 and 28 October 2016 respectively to ensure that high risk areas and key processes were adequately identified and covered in the plan.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY ACTIVITIES OF THE COMMITTEE (cont'd)

3. Internal Audit (cont'd)

- (c) Reviewed the internal audit reports presented by the internal auditors and considered the major findings and management's responses on each of the issues arising from the internal audit, amongst others, the following key audit areas:-
 - manufacturing operations and quality control; and
 - security and safety controls.
- (d) Monitored the implementation of mitigating actions taken by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed;
- (e) Met with the internal auditors twice during the financial year, i.e. on 3 May 2016 and 16 August 2016 without the presence of any executive board members and the Management for discussion on audit related matters. The issues highlighted by the internal auditors during the private meetings were conveyed to the Management for further action.

4. Risk Management and Internal Control

- (a) Evaluated the overall effectiveness of the system of internal control during the meeting held on 25 February 2016, to ensure the risk management framework is consistently adopted throughout the Group.

5. Related Party Transactions

- (a) Reviewed related party transactions entered into by the Group on quarterly basis.

6. Others

- (a) Reviewed the revised Terms of Reference of Audit Committee at the meetings held on 25 February 2016 and 16 August 2016 respectively.
- (b) Reported to and updated the Board on significant issues and concerns discussed during the Audit Committee meetings and where appropriate, made the necessary recommendation to the Board.
- (c) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to their inclusion in the Company's Annual Report.
- (d) Reviewed the Aging Report on quarterly basis.
- (e) Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the financial year ended 31 December 2016.

In all Audit Committee meetings, the Financial Controller was present to report on the results of the Group as well as to answer questions posed by the Audit Committee in relation to the results to be announced.

INTERNAL AUDIT FUNCTION

The Internal Audit department, which is independent of the activities and operations of other operating units reports directly to the Audit Committee. The principal role of the department is to undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit department to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION (cont'd)

The Company outsourced its internal audit function to a professional service firm, to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the system of controls in the Company and its subsidiaries.

The Internal Audit department has carried out the independent audit assignments on business units of the Group according to the approved annual audit plan and the International Standards for the Professional Practice of Internal Auditing which form part of the International Professional Practices Framework of the Institute of Internal Auditors. The resultant internal audit reports were presented to the Audit Committee for deliberation and forwarded to the Management for their necessary action.

The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that the relevant controls addressing those risks are reviewed on a timely basis.

During the financial year, the outsourced internal auditors conducted reviews in accordance with the risk based internal audit plan approved by the Audit Committee. Amongst others, it encompassing the following activities:

- (a) Performed operational audits on business units of the Group to ascertain the adequacy of the internal control systems and to make recommendations for improvement where weaknesses exist;
- (b) Performed follow-up reviews to ensure that prompt actions on the audit recommendations were taken by the Management;
- (c) Reviewed related party transactions; and
- (d) Established the Risk Register for the Group.

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 31 December 2016 was RM43,847.00 (2015 : RM45,650.00).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

PMB Technology Berhad ("PMBT") was incorporated in Malaysia under the Companies Act, 1965 on 26 June 2002 as a public limited company under its present name. PMBT is principally an investment holding company. It was listed on the Second Board of the Bursa Malaysia Securities Berhad on 5 November 2003 and was transferred to the Main Market of the Bursa Malaysia Securities Berhad on 3 August 2009.

PMBT Group complements the activities of its corporate shareholder, PMB, which is the only aluminium smelter and the largest producer of aluminium extrusion in Malaysia.

The businesses and operations of PMB Technology Berhad ("PMBT") are related to aluminium and are classified into the following two segments:

- 1) Construction and Fabrication segment; and
- 2) Manufacturing and Trading segment

CONSTRUCTION AND FABRICATION SEGMENT

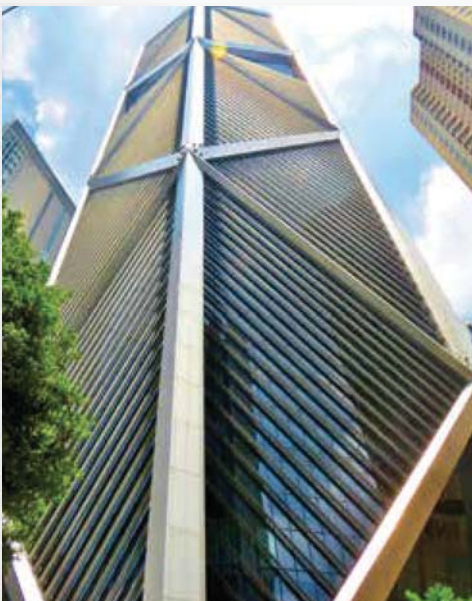
The Construction and Fabrication segment is involved in the design, fabricate and installation of aluminium curtain wall, cladding, skylight, façade works and the fabrication and installation of aluminium system formworks.

The Group offers a one stop centre, from conceptual design to complete installation and commissioning of the products and services. The design is carried out by our in-house engineers who are professionally trained and equipped with sound knowledge and experience of the construction industry and local regulation.

The subsidiary companies included in this business segment are:

- PMB Façade Technology Sdn Bhd
- PMB Façade Technology (H.K.) Limited in Hong Kong
- PMB-Cyberwall Limited in Hong Kong

PMBT has established itself as an international specialist in the design, fabrication and installation of aluminium curtain wall and cladding industry and is well positioned in the international market.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



The curtain wall system is designed not only to provide aesthetic to the building, it also allows natural light into the building to facilitate energy savings and to reduce noise levels as part of the Green Building's requirements.

The perception of these products as high quality construction materials with both local and overseas developers are clearly evident with them being prominently featured in numerous iconic and prestigious high rise buildings.

The Group also specializes in aluminium system formwork. Aluminium system formwork is a modular, panel system used for the concreting of building structures. It is fabricated entirely from the structural grade aluminium and is one of the most versatile construction system formwork available in today's market. The formwork is custom designed to suit specific project requirements. It can cater for all types of complicated structures that incorporates modern architectural features found in both high rise and low rise buildings.

The aluminium formwork is pre-engineered to rigid tolerances in order to meet the most stringent requirements of building aesthetic, and as a result the formal structure is extremely accurate in dimension and of the highest quality in terms of surface finish. Because of its accuracy, the system allows pre-fabrication of cast-in items such as door and window frames, mechanical and electrical components.

The system incorporates a quick set up and dismantle system which allows floor cycles of four days to be achieved, without compromising the structural integrity of the building. Each component used in the system is light enough to be handled by one operative, thus there is no need for heavy mechanical lifting equipment or craneage, in its operation. Due to the inherent strength of the aluminium formwork, it can be used again and again, from project to project. It has been known to achieve of 300 reuses and as a result gives most unbeatable cost efficiencies.

It is considered the most environmental friendly system of construction when everything is recycled.

The Group is fully committed to the on-going Research and Development in order to keep abreast with the latest advancement in the construction industry.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

MANUFACTURING AND TRADING SEGMENT

Our manufacturing and trading segment is principally engaged in the manufacturing and/or distribution of access equipment and other aluminium related products and distribution of extruded aluminium profiles and related building materials.

These business activities are undertaken by the following subsidiary companies:

- Everlast Aluminium (M) Sdn Bhd
- Everlast Access Technologies Sdn Bhd
- PMB Quick Access Sdn Bhd
- PMB Central Sdn Bhd
- PMB Northern Sdn Bhd
- PMB Eastern Sdn Bhd
- PMB Aluminium Sabah Sdn Bhd

Access Equipment

- **Ladder**

Ladder is an essential equipment to be used at home & construction sites to access higher areas without compromising one's health & safety.

The Group is the leading aluminium ladder manufacturer and the first ladder manufacturer in Malaysia accredited with ISO9001 quality management system in 1999. The Group is also the first ladder manufacturer to produce ladders that are certified to British Standards

BS2037 : 1994 and BS EN131 : 1993. It is the Group's aim to further developed ladders complying to international standards to maintain the leadership of the Group in the market as well as to expand internationally.

As the leading ladder manufacturer in Malaysia, the Group prides itself as that it has the widest range of models to supply to both domestic as well as export markets. The increasing range is contributed by a strong Research and Development team which not only creates and upgrades designs that fulfills international certification requirements but also improves production process through the incorporation of the modern technology and automation in ladder manufacturing.

Everlast's ladder is widely distributed throughout Malaysia for more than 30 years. They can be found in most hardware outlets, DIY chains as well as hypermarkets. The brand name **EVERLAST** is synonymous with quality and reliability especially for the range of models that are certified by SIRIM and in compliance with British Standards BS2037 : 1994 and BS EN131 : 1993.

The Group has been exporting aluminium ladders to a growing number of countries over the years and the major ones are United Kingdom, Australia, South Africa, United Arab Emirates, Qatar, Kuwait, Saudi Arabia, Egypt, Lebanon, Kingdom of Bahrain, Bangladesh, Maldives, Yemen, New Zealand, Singapore and Indonesia.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



- **Scaffold tower**

Aluminium scaffold tower is a growing industry due to its lightweight and non-corrosive nature. PMBT Group is the largest scaffold manufacturer in Malaysia and has been consistently exporting to neighbouring countries since over a decade ago. The scaffold towers manufactured by the Group is certified with HD1004 : 2004 by SIRIM and complies to British Standard BS 1139:1994 (Part 3).

The Group offer the widest range of aerial work platforms (Personnel Lift, Scissors Lift, Boom Lift and Trailer Mounted Lift) and aluminium scaffold towers on both sales and rental basis.

Our Scaffold Towers have been used in:

- Oil & Gas industries
- International convention centre
- Power plants
- Aeroplane hanger
- Hotels
- Hypermarkets
- Shipyards
- International tournament or events
- Factories & warehouses
- Government buildings



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Extruded aluminium profiles and related building materials

The Group is well represented throughout Peninsular Malaysia, offering full geographical coverage for the aluminium extruded products. The subsidiaries are strategically located at Sungai Petani (PMB Northern Sdn. Bhd.), Kuantan (PMB Eastern Sdn. Bhd.), Kuala Lumpur (PMB Central Sdn. Bhd.) and Kota Kinabalu (PMB Aluminium Sabah Sdn. Bhd.).

Distributing the extruded aluminium profiles from Press Metal Berhad (largest corporate shareholder of PMB Technology Berhad), Everlast Group enhanced its strong position with other related building materials to become a one-stop-centre for the supply of interior construction materials. The Company has a reliable supply from the strong support of Press Metal Berhad. This position is further strengthened by the ownership of several prestigious distribution agencies.

The Group is the authorized distributor of gypsum partition boards and ceiling panels manufactured by Boral Plasterboard (Malaysia) Sdn. Bhd. and cement board and asbestos free cement fibre board manufactured by Hume Cemboard Berhad.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



Other products/services

Fabrication process is vital to create a cost effective finished product. This requires a variation of skills and expertise such as utilizing our experience in the knowledge of aluminium material and manufacturing processes. The Company is well positioned to offer fabrication services, particularly to overseas manufacturers, as a solution to the high cost of production in the developed countries, such as the US, Europe and Australia.

Besides common fabrication techniques such as punching, pressing, notching, shearing and de-burring, the Company is also capable of providing precision machining, forming, joining and tooling design for sophisticated fabrication processes.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- **Truck-Body**

Through quality management and value engineering efforts by our In-house Research & Development Department, PMBT Group has developed an Australian Certified Aluminium Truck - Trays as an alternative to the current wooden or steel bodies. Due to its light-weight and non-corrosive material characteristics, the aluminium body is a favourable substitute to steel and wood as it saves fuel with minimal maintenance required. Furthermore, aluminium is recyclable, making it a more available cost-effective substitute.

The Company is constantly working closely with the client to further improve every detail to ensure that our product is relevant to the Australian market.

- **Aluminium Gate**

Due to the rising demand of auto gates for modern urban dwellings, the Company had ventured into the manufacturing of the aluminium gates as an alternative to the much heavier steel & stainless steel gates. Due to its light-weight nature, the aluminium gate can effectively reduce the maintenance cost for the auto system and improve efficiency of usage.

- **Aluminium Modular Balustrade System (also known as Hand Railings)**

Installing a handrail system has never been made any easier. Without welding required on site, we can now install with just a simple instruction booklet. The modular balustrade system comes in a myriad of finishes from Natural Anodized finish, Solid or Metallic Powder Coated finish and even Wood Grain finish that last for a long time under harsh weather conditions. With customer's convenience as our engineers design priority, each system is cleverly packed into compact parcels and able to be installed very quickly with minimal untidiness created. It is also fully certified to Australian Standards to ensure that each piece is stringently checked before leaving PMBT's Warehouse.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

OBJECTIVES & STRATEGIES

Our objectives are targeted to provide a range of high quality of products and services without compromising on our quality and profitability necessary for our continuity with the aim of meeting all stakeholders' expectation.

The Group also acknowledges the importance of the business sustainability as to create long term value to the stakeholders and community.

Human capital investment in the form of training and education are part of our ongoing priorities besides Research and Development which have been the cornerstone of our business model.

FINANCIAL PERFORMANCE

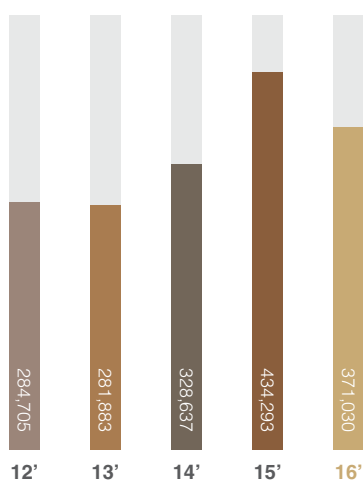
Year 2016 was a challenging year but a better year for the Group. The Group's profit before tax ("PBT") for the financial year under review rose by 26% from RM10.6 million to RM13.3 million despite the decrease in revenue of approximately 15% from RM434.3 million recorded in the preceding financial year to RM371 million.

The improvement in PBT was mainly contributed by the Manufacturing and Trading segment and the overall lower finance costs recorded in the current year under review.

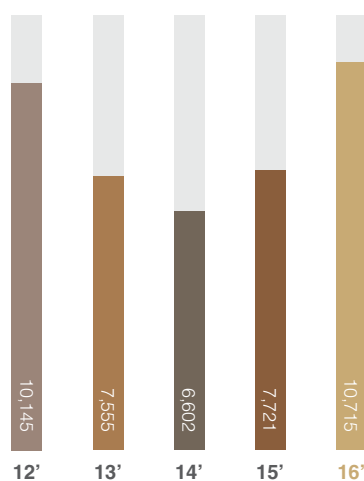
Statement of comprehensive income

	2012	2013	2014	2015	2016
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	284,705	281,883	328,637	434,293	371,030
Profit before taxation	12,456	10,485	9,137	10,555	13,293
Taxation	2,311	2,930	2,535	2,834	2,578
Profit after tax	10,145	7,555	6,602	7,721	10,715
Earnings per share (sen) ^	13.09	9.75	8.52	9.97	13.83
Dividends	2,325	2,325	2,325	3,099	3,099
Dividend payment as % of profit after tax	23%	31%	35%	40%	29%

REVENUE (RM'000)



PROFIT AFTER TAX (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Statement of financial position and liquidity

	2012	2013	2014	2015	2016
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Total assets	284,951	332,399	380,878	345,444	360,052
Net current assets	53,418	55,039	58,930	68,302	78,153
Shareholders' equity	119,217	126,579	132,736	144,312	153,696
Retained earnings	79,690	84,920	89,197	93,819	101,435
Net asset per share (RM) [^]	1.54	1.63	1.71	1.86	1.98
Debt-to-equity ratio	0.70	0.80	0.70	0.40	0.40

[^] Based on the weighted average number of ordinary shares outstanding during the year of 77,479,800

Net current assets RM78.153 Mil 14.42% 2015: RM68.302 Mil	Net assets per share RM1.98 6.50% 2015: RM1.86	Debt-to-equity ratio 0.40 2015: 0.40
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The acquisition of the property, plant and machinery in Perai, Penang totalling RM 16 million as stated in the announcement to Bursa Malaysia Securities Berhad on 25 October 2016, is expected to be completed by mid of year 2017 and the balance of the purchase price or approximately RM 14.4 million will be paid and captured accordingly.

As part of the business expansion strategies to achieve the economies of scale, additional capital expenditure on the land improvement and additional machinery is expected to be incurred whenever necessary.

REVIEW OF OPERATING ACTIVITIES AND STRATEGIES

The main raw material for the Group is aluminium whereby the price is quoted on the London Metal Exchange ("LME") in US Dollars. Both revenue and profitability can be affected should there be any fluctuation in LME and/or US Dollars.

The Ringgit was relatively stable during the year under review as compared to the drastic fluctuation, especially against US Dollars in the preceding year. As part of the Group's efforts in mitigating the foreign exchange risks and to manage the fluctuation in the raw material prices that are denominated in other currencies, import of raw material has been reduced significantly and the overall inventory holding level were kept to the minimum.

Increasing its production capacity through the investment in additional modern and sophisticated machinery is our on-going efforts to support our existing customers and to penetrate new market.

GOING FORWARD

The global economy is expected to improve in 2017 but clouded by uncertainties on lingering risk events such as the potential threat of protectionism and global trade wars, Brexit and the geopolitical development in Eurozone.

On the domestic front, the Malaysian economy is expected to benefit from the expected improvement in global economic and higher commodity prices with the projected GDP of 4.3% to 4.8% by Bank Negara Malaysia. The local construction sector is expected to continue its growth in view of the implementation of various government measures such as infrastructure and affordable housing scheme.

Amidst global uncertainties, the ringgit is expected to be relatively stable in year 2017 with some of the measures implemented by Bank Negara Malaysia.

Barring any unforeseen circumstances, we anticipate year 2017 to be another sustainable year for the Group, given our strong pipeline of projects and order book in hand. Notwithstanding that, the Group will strive further to strengthen its position to be more competitive and to achieve a satisfactory result for the year.

Although we have no dividend distribution policy in place, the Group will endeavour to maintain its track record of dividend distribution to reward our stakeholders in accordance with our financial results.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of PMB Technology Berhad (“the Company”) is committed to exercising good corporate governance by supporting and applying the prescriptions of the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 (“the Code”). The Board recognises that maintaining good corporate ethics is critical to business integrity and performance, and key to delivering shareholders’ value. The Board evaluates and where appropriate, implements relevant proposals to ensure that the Company and its subsidiaries (“the Group”) continue to adhere to good corporate governance with the aim of safeguarding shareholders’ investment and ultimately enhancing shareholders’ value.

The Board is pleased to share the manner in which the Principles of the Code have been complied within the Group throughout the financial year ended 31 December 2016.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

1.1 Clear functions of the Board and Management

The Board assumes full responsibilities for the overall corporate governance of the Group by setting the policies and strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has established and implemented various processes to assist members of the Board in the discharge of their roles and responsibilities. Amongst others, the Board has adopted a formal schedule of matters reserved for decision, which includes the overall Group’s strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The Board has also established a clear division of roles and responsibilities for the Chairman and the Chief Executive Officer (“CEO”). The segregation ensures a healthy balance of power for independent decision making by the Board.

The Chairman is responsible for leading the Board in oversight of management, representing the Board to shareholders and chairing general meeting of shareholders, ensuring the integrity of the governance process and issues and other responsibilities assigned by the Board from time to time.

The Board delegates and confers some of its authorities to the CEO. The CEO is responsible for the development and smooth implementation of overall business strategies and primarily accountable to the Board for the authority that is delegated to him as well as the performance of the Group and achievement of corporate objectives.

The CEO is assisted by the Management for implementing the policies and decisions of the Board and overseeing the day-to-day operations of the Group. The Management leads and manages specific businesses or key functions of the Group under the supervision of the CEO. Through its Limits of Authority adopted in year 2014, Management is assisting the CEO in business development to achieve its corporate objectives and visions.

1.2 Clear roles and responsibilities

In line with the Code, the Company had adopted a Board Charter to outline the principal responsibilities of the Board, as follows: -

- Reviewing and adopting a strategic plan for the Group;
- Overseeing and assessing the conduct of the Group’s business;
- Identifying key risks and ensuring the implementation of appropriate procedures to manage these risks;
- Establishing a succession plan for senior management;
- Overseeing and implementing a shareholder communication policy;
- Reviewing the adequacy and the integrity of the management information and internal control system of the Group;
- Monitoring and reviewing management processes to ensure the integrity of financial and other reporting;
- Ensuring that the financial statements are true and fair and conform with the accounting standards; and
- Formulating, monitoring and reviewing the corporate policies and strategies.

The Board is constantly mindful of safeguarding the interest of the Group’s customers, investors and all other stakeholders in discharging its stewardships.

CORPORATE GOVERNANCE STATEMENT

cont'd

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)

1.2 Clear roles and responsibilities (cont'd)

To ensure the effective discharge of its function and responsibilities, the Board has established four (4) Board Committees, as follows :-

Board Committee	Key Functions
Audit Committee	Explained on Pages 16 to 19 of this Annual Report
Executive Committee	Oversees all pertinent operational issues
Remuneration Committee	Explained on Page 35 to 36 of this Annual Report
Nomination Committee	Explained on Pages 32 to 33 of this Annual Report

The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective written Terms of References and operating procedures. At each Board meeting, minutes of the Board Committees are presented to the Board. The chairman of the respective Committees also report to the Board the key issues deliberated at the respective Committee meetings and such reports are incorporated into the Minutes of the Board meetings. The Board Committees were formed in order to enhance business and operational efficiency as well as efficacy. The ultimate responsibility for the final decision on all matters, however, rests with the Board.

The Board has unrestricted access to operational information and a transparent relationship with the CEO and Management. The Audit Committee consists of three (3) members, all of whom are Independent Non-Executive Directors whom are designated by the Board to assess operational and financial adequacy impartially. Key issues will be disclosed and presented by the Chairman of the Audit Committee as a routine part of the Board meeting's agenda.

Risk Management is regarded by the Board as an integral part of the Group's business operations which helps identify, evaluate and monitor key business risks obstructing the achievement of the Company's goals and objectives. Audit Committee was delegated by the Board to develop, implement and maintain an effective risk management framework with assistance of the Group's Internal Auditors. In line with the universal accepted standard ISO 31000, the Group Internal Auditors has initiated a risk management framework in conjunction with the Risk Management Policy established on 29 May 2013.

The Board is committed to establish and maintain adequate internal control system throughout the Group in all its business functions that not limiting to financial aspects of the business but also operational, regulatory compliance as well as risk management matters. In order to fulfill the commitment, internal audit function is assisting the Board to review the effectiveness and adequacy of internal control system independently and perpetually. Details pertaining to risk management and adequacy of internal control system are set out in the Statement of Risk Management and Internal Control of the Annual Report on pages 46 to 48.

Succession planning is critical element in preventing business disruptions and promoting operational sustainability for which the Nomination Committee is entrusted by the Board to review and recommend candidates for executive management. Succession Planning is established for Nomination Committee to effectively discharge responsibilities in identifying and assessing potential candidates with assistance of the CEO, to ascertain that potential successors have sufficient experience and are the right fit for the Company.

The Board values the dialogue with shareholders and appreciates the keen interest of shareholders on the Group's performance. In this regard, the Board had on 29 May 2013 established a Corporate Disclosure Policies and Procedures to provide accurate, timely, consistent and fair disclosure of corporate information to the shareholders and stakeholders of the Group and the public generally. The CEO has been appointed as the primary spokesperson of the Company to communicate with audience constituents and respond to questions in relation to corporate vision, strategies, developments, future prospects, financial plans and operation matters.

CORPORATE GOVERNANCE STATEMENT

cont'd

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)

1.3 Formalised ethical standards through Code of Conduct

The Board acknowledges the importance of establishing a corporate culture which engenders ethical conduct that permeates throughout the Company.

The Board had on 29 May 2013 adopted and implemented a Code of Conduct for Directors, Management and employees of the Group as well as a Code of Ethics for the Board. All employees have certified in writing that they have read and understood the Code of Conduct. Non-compliance and failure to report non-compliance to the Code of Conduct may lead to disciplinary actions.

The Code of Conduct embodies the principles contained in various policies adopted by the Group that commits Directors, Management and employees to high ethical values and expected standards of conduct. The Code of Conduct covers among others, all aspects of the business operations such as human rights, environmental issue, business gifts and hospitalities, integrity and professionalism, confidentiality of business information and proper safeguarding of company assets. Code of Ethics includes, inter alia, matters relating to duties and responsibilities of Directors, conflict of interests and their social responsibilities.

The Company had on 27 February 2017 adopted a Whistle-Blowing Policy which serves as a guide to the employees or stakeholders on how to raise genuine concerns related to unethical behavior, malpractices, illegal acts or improprieties in the matters of regulatory compliance in an appropriate way.

The summary of the Code of Conduct and Whistle-Blowing Policy are accessible on the corporate website at www.pmbtechnology.com.

1.4 Strategies promoting sustainability

The Board is mindful of the importance of sustainability and its increasing impact to the business. The Board has therefore taken steps to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance aspects ("ESG") of the Group's business. The Board had on 29 May 2013 adopted a Sustainability Policy for the Group.

The Company's activities on corporate social responsibilities for the year under review are set out on Pages 44 to 45 of this Annual Report.

1.5 Access to information and advice

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, Directors have unrestricted access to any information pertaining to the Company.

Management are invited to join Board meetings to provide explanation or engage in dialogue with Board members as and when required. The Board may also invite external parties such as external auditors, solicitors and consultants as and when the need arises.

If necessary, the Board may seek professional advice at the Group's expense, with prior approval, on any matters to the discharge of their responsibilities.

The Chairman plays a key role in ensuring that all Directors have full and timely access to information with Board papers circulated at least five (5) days in advance of each Board meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at the Board meetings and expedites the decision making process. A comprehensive balance of financial and non-financial information is encapsulated in the papers covering strategic, operational, regulatory, marketing and human resource issues.

Detailed periodic briefings on the industry outlook and Company performance are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends.

CORPORATE GOVERNANCE STATEMENT

cont'd

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)

1.6 Qualified and competent Company Secretaries

The Board is supported by the Company Secretaries who play a vital role in advising the Board in relation to the Company's constitution, Board policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretaries ensure that all Board and Board Committee meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and statutory registers are properly maintained at the registered office of the Company. The Company Secretaries also assisting the provision of information to the Board and Board Committees, and between Non-Executive Directors and Management from time to time.

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

The removal of Company Secretaries, if any, is a matter for the Board to decide collectively.

1.7 Board Charter

The Board is guided by the principles contained in the Code and the Board Charter as well as Delegation Authority Matrix which set out the practices and processes in the discharge of their responsibilities; the matters that are reserved for consideration and decision-making; the authority it has delegated to the CEO, including the limits which the CEO can execute the authority; and provides guidance on the division of responsibilities between the Board and the CEO.

The Board Charter was established on 29 May 2013 and are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision making in the organisation. The Board Charter was last reviewed and revised on 25 February 2016.

A summary of the Board Charter is available at the Company's website: www.pmbtechnology.com.

STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

The Nomination Committee comprised the following members during the financial year ended 31 December 2016:

Name of Director	Membership	Directorship
Loo Lean Hock <i>(Redesignated as Chairman on 18 October 2016)</i>	Chairman	Senior Independent Non-Executive Director
Ernest Bong Miao Fatt	Member	Independent Non-Executive Director
Noor Alina Binti Mohamad Faiz <i>(Appointed on 18 October 2016)</i>	Member	Independent Non-Executive Director
Tuan Haji Mohamad Faiz Bin Abdul Hamid <i>(Ceased on 1 September 2016)</i>	Chairman	Independent Non-Executive Director

The Nomination Committee consists entirely of Independent Non-Executive Directors, led by Mr Loo Lean Hock, the Senior Independent Non-Executive Director.

The duties and responsibilities of the Nomination Committee are spelt out in the Terms of Reference of the Nomination Committee which is accessible vide the Company's website: www.pmbtechnology.com.

CORPORATE GOVERNANCE STATEMENT

cont'd

STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

2.1 Nomination Committee (cont'd)

The Nomination Committee believes that the Board is composed of well qualified individuals who possess the requisite knowledge, experience and skills to ensure that the Board is able to discharge their duties effectively in the best interest of the shareholders and the Group.

The Board as a policy will select candidate as a Director who will best serve the Company regardless of gender, ethnicity and age. Despite the Board has no immediate plan to implement a diversity policy nor set any target or undertake any specific measures to recruit suitable women candidates to the Board, the Board had on 18 October 2016 appointed Puan Noor Alina Binti Mohamad Faiz as an Independent Non-Executive Director. With Puan Alina on the Board, the Board views that this will bring different perspectives and approaches to the Board discussions.

The Nomination Committee held two (2) meetings during the financial year ended 31 December 2016. The details of attendance of each Nomination Committee members are as follows:

Member	Attendance
Loo Lean Hock	2/2
Ernest Bong Miau Fatt	2/2
Noor Alina Binti Mohamad Faiz <i>(Appointed on 18 October 2016)</i>	-
Tuan Haji Mohamad Faiz Bin Abdul Hamid <i>(Ceased on 1 September 2016)</i>	1/2

During the financial year 2016, the Nomination Committee has undertaken the following activities:-

- (i) Assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director;
- (ii) Reviewed the composition of the Board and the Board Committees;
- (iii) Assessed the independence of its Independent Directors;
- (iv) Reviewed the character, experience, integrity, competence and time commitment of the CEO and Chief Financial Officer;
- (v) Reviewed trainings accomplished by the Directors and determined the training needs for each Director;
- (vi) Reviewed and recommended to the Board the revised Terms of Reference of the Nomination Committee;
- (vii) Assessed and recommended to the Board the re-election of Directors.;
- (viii) Reviewed and recommended Independent Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years, to continue to act as Independent Non-Executive Director of the Company pursuant to the Code;
- (ix) Identified, assessed and recommended candidate to the Board for the position of Independent Non-Executive Director of the Company;
- (x) Identified and recommended the appointment of new Member of the Audit Committee;
- (xi) Identified and recommended the appointment of Chairman and new Member of the Nomination Committee; and
- (xii) Identified and recommended the appointment of Chairman and new Member of the Remuneration Committee.

During the Nomination Committee held in February 2017, the Nomination Committee reviewed the Board composition to identify and close any possible gap in the Board's functional knowledge and competencies by bringing in new experience, knowledge and expertise on the Board to meet the current and future needs of the Company. Based upon requirement stipulated in both the Board Charter and Terms of Reference of Nomination Committee, the Board through the Nomination Committee's annual appraisal concluded that the Board has the right balance of expertise, skills and attributes including relevant core competencies and the Board's size is conducive for effective discussion and decision-making.

CORPORATE GOVERNANCE STATEMENT

cont'd

STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

Appointment process

The Nomination Committee leads the process for identifying and making recommendation for the Board's approval on suitable candidates for directorship to the Board and members to the Board Committee in line with criteria stipulated in Nomination Committee's Terms of Reference and Directors' Assessment Policy adopted in year 2013, inter-alia, the required mix of skills, knowledge, expertise and experience, time commitment, integrity and competencies in meeting the needs of the Company. The Nomination Committee may consider engaging external consultants in the identification of potential candidates.

In evaluating the suitability of candidate(s), the Nomination Committee will review their profile and curriculum vitae and considers, inter-alia the competency, commitment (including time commitment), character, integrity, mix of skills, knowledge, expertise and experience in meeting the needs of the Company. The Nomination Committee will then recommend the candidate(s) to the Board. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the proposed candidate(s). The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

In regards to the candidates for appointment as Independent Director, the Nomination Committee would assess the potential candidate's suitability based on the criteria on independence as set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Nomination Committee had in September 2016 reviewed and recommended the appointment of Puan Noor Alina Binti Mohamad Faiz as an Independent Non-Executive Director of the Company. In evaluating the suitability of Puan Noor Alina Binti Mohamad Faiz, the Nomination Committee had reviewed and considered her education background, professionalism, skills, knowledge, expertise and experience. In addition, the Nomination Committee also discussed and considered boardroom diversity including gender, age and ethnicity diversity with a view to achieving a sustainable and balance Board. Upon due consideration, the Nomination Committee agreed to recommend the appointment of Puan Noor Alina Binti Mohamad Faiz as an Independent Non-Executive Director of the Company to the Board for approval.

Re-election of Directors

The Articles of Association of the Company provide that all Directors shall retire at least once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or last re-election. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separate resolution during the Annual General Meeting ("AGM") of the Company. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Group of each Director standing for re-election are furnished in the Profile on Board of Directors contained in the annual report.

Board Evaluation

The Nomination Committee facilitates and organises the yearly Board Evaluation to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Directors. The evaluation process is led by the Nomination Committee and supported by the Company Secretary via questionnaire. The Nomination Committee reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

The Board has developed Directors' Assessment Policy to facilitate the effectiveness of assessment activities. Primary criteria adopted for assessing the performance of the Board and Board Committees include composition, structure, operations, role and responsibilities and the adequacy of information and processes. For individual Directors, the assessment is carried out based on the criteria of character, experience, integrity, competency and time in order to discharge their responsibilities effectively.

CORPORATE GOVERNANCE STATEMENT

cont'd

STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors (cont'd)

Board Evaluation (cont'd)

During the financial year ended 31 December 2016, the Nomination Committee assessed the effectiveness of the Board, its Committees and the contribution of each Director with the aim of improving individual contribution, effectiveness of the Board and its Committees, identify gaps, maximise strengths and address weaknesses of the Board. The evaluation includes a review of the administration of the Board and its Committees covering the operation of the Board and its Committees, agendas, reports, information produced for consideration and the Board's relationship with its Committees and Management.

The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The individual Director each undertook self-assessment of their individual performance during the financial year ended 31 December 2016 based on the criteria, amongst others, integrity, professionalism, business knowledge, judgement and decision making, teamwork and character, leadership and competence in order to discharge their respective roles as Directors of the Company.

From the performance assessment conducted by the Nomination Committee in February 2017, it was concluded that the Board as a whole, Board Committees and individual Directors have discharged their respective roles and responsibilities in a commendable manner.

2.3 Remuneration policies and procedures

Remuneration Committee

The Directors' Remuneration Policy was adopted to provide a remuneration package to attract and retain the Directors. The policy also ensures that the remuneration package is commensurate with the Directors' scope of duties, expertise and current market rate within the similar industry.

The remuneration package for Executive Directors is also linked to the corporate and individual performance.

The Remuneration Committee consists entirely of Independent Non-Executive Directors. The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Directors participated in any way in determining their individual remuneration.

The remuneration for Independent Non-Executive Directors is a matter to be decided by the Board as a whole, with the Director concerned abstaining from deliberations and voting on the decision of his/her individual remuneration. The Board recommends the Directors' fees payable to Independent Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

Upon review conducted in February 2017, the Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

CORPORATE GOVERNANCE STATEMENT

cont'd

STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

2.3 Remuneration policies and procedures (cont'd)

Remuneration Committee (cont'd)

The members of the Remuneration Committee are as follows:-

Name of Director	Membership	Directorship
Ernest Bong Miao Fatt (Redesignated as Chairman on 18 October 2016)	Chairman	Independent Non-Executive Director
Loo Lean Hock	Member	Senior Independent Non-Executive Director
Noor Alina Binti Mohamad Faiz (Appointed on 18 October 2016)	Member	Independent Non-Executive Director
Tuan Haji Mohamad Faiz Bin Abdul Hamid (Ceased as Chairman on 1 September 2016)	Chairman	Independent Non-Executive Director

The Remuneration Committee held one (1) meeting in February 2016 of which all the members (except for Puan Noor Alina Binti Mohamad Faiz who was appointed in October 2016) registered full attendance.

Remuneration Package

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company who served during the financial year ended 31 December 2016 are as follows:

	The Group		The Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Fees (RM'000)	-	95	-	95
Salaries (RM'000)	1,314	-	230	-
Bonuses (RM'000)	101	-	17	-
Other Emoluments (RM'000)	250	21	45	21

Breakdown of Directors' remuneration for the financial year ended 31 December 2016, by category and in each successive band of RM50,000, is as follows:-

	The Group		The Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM50,000 and below	1	4	3	4
RM50,001 – RM100,000	-	-	2	-
RM100,001 – RM150,000	1	-	-	-
RM150,001 – RM200,000	-	-	-	-
RM200,001 – RM250,000	-	-	-	-
RM250,001 – RM300,000	2	-	-	-
RM300,001 – RM350,000	2	-	-	-
Total	6	4	5	4

The Company does not disclose each Director's remuneration separately as such information is considered highly sensitive and confidential in nature.

CORPORATE GOVERNANCE STATEMENT

cont'd

REINFORCE OF INDEPENDENCE

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in decision-making process. The Independent Directors are professionals of high calibre and integrity and possess extensive experience and knowledge of the business as required for the successful direction of the Group. The Board is committed in ensuring that Independent Directors are capable and willing to make decisions in the best interests of the Company and the shareholders, free from interest or influence and are independent of the Management.

The Independent Directors namely, Mr Loo Lean Hock, Mr Ernest Bong Miao Fatt and Puan Noor Alina Binti Mohamad Faiz fulfilled the criteria of "Independence" as prescribed under the MMLR. The Board composition also complies with the MMLR which requires at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, to be independent Directors.

3.2 Tenure of Independent Directors

In line with the Code and the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve on the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

Following an assessment by the Nomination Committee and the Board, the Board recommended for Mr Loo Lean Hock and Mr Ernest Bong Miao Fatt to continue to act as Independent Non-Executive Directors of the Company subject to shareholders' approval at the Fifteenth AGM of the Company.

Key justifications for the recommended continuance as Independent Non-Executive Director for the Directors are reflected in the Notice of Fifteenth AGM on page 7 of the Annual Report.

3.3 Separation of positions of the Chairman and CEO

The Board recognises the importance of having a clearly accepted division of power and responsibilities. There is a clear division of responsibilities at the head of the Group to ensure a balance of authority and power.

The roles of the Chairman and the CEO are clearly defined in the Board Charter. The Chairman is responsible for leading the Board in oversight of management and other responsibilities assigned by the Board from time to time. The CEO is responsible for the business and day-to-day management of the Company. Mr Loo Lean Hock is the Senior Independent Non-Executive Director designated to clarify matters or enquiries that may be raised by shareholders or investors.

The Code stated that the Board must comprise a majority of independent directors where the Chairman is not an independent director. The Executive Chairman, Dato' Koon Poh Keong was appointed as Chairman after taking into account his vast experience in the manufacture and marketing of aluminium and other related products.

In spite of the Chairman not being an Independent Director, the Board believes that the interests of the shareholders and the Company are protected by the strong presence of Independent Directors in Board who neither have any family relationship with any Director and/ or major shareholders of the Company and have no conflict of interest with the Company.

The positions of the Chairman and of CEO are held by different individuals in which Dato' Koon Poh Keong is the Executive Chairman whilst the position of CEO is held by Mr Koon Poh Ming, the brother to Dato' Koon Poh Keong.

CORPORATE GOVERNANCE STATEMENT

cont'd

REINFORCE OF INDEPENDENCE (cont'd)

3.4 Board Composition and Balance

As at the date of this Statement, the Board consists of an Executive Chairman, a Chief Executive Officer, three (3) Executive Directors and three (3) Independent Non-Executive Directors. A brief profile of each Director is presented on Pages 8 to 11 of this Annual Report.

The Independent Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have in-depth knowledge of the business, the Board constituted of individuals who are committed to business coupled with integrity and professionalism in all its activities.

The Board has an appropriate mix of relevant skills, knowledge and experience necessary to govern the Company. The Non-Executive Directors contribute international and operational experience, and understanding of the financial and capital markets.

The Board is satisfied that the current Board composition provides the appropriate balance and size necessary to promote all shareholders' interests and fairly reflects the interests of minority shareholders in the Company.

FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. Meetings for the year are scheduled at the end of the preceding year to enable the Directors to plan ahead and ensure that the Board and Board Committees meetings are accounted for in their respective schedules. It provides the scheduled dates for meetings of the Board and Board Committees and the AGM, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Company's quarterly results. The Board meets for both scheduled meetings and on other occasions to deal with urgent matters. Due notice is given for all scheduled and additional meetings.

During the financial year ended 31 December 2016, the Board met on four (4) occasions, where it deliberated upon and considered a variety of matters including the financial results, strategic decisions, business plan and direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting on the respective resolution. Decisions of the Board are made unanimously or by consensus. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Procedures are in place for Directors to seek both independent professional advice at the Company's expense and have access to the Company Secretary in order to fulfill their duties and specific responsibilities as enumerated in the Board Charter.

In line with the recommendation of the Code whereby the Board should set out expectations on time commitment for its members and protocols for accepting new directorships, the Board members are required to notify the Board's Chairman prior to their acceptance of new directorships in other companies notwithstanding that the MMLR allows a Director to sit on the board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

CORPORATE GOVERNANCE STATEMENT

cont'd

FOSTER COMMITMENT (cont'd)

4.1 Time Commitment (cont'd)

The details of attendance of each Board member at the Board Meetings held during the tenure of office of the Directors for the financial year ended 31 December 2016 are as follows:

Name of Directors	No. of Meetings Attended
Dato' Koon Poh Keong	4/4
Koon Poh Ming	4/4
Koon Poh Weng	3/4
Dato' Koon Poh Tat	4/4
Loo Lean Hock	4/4
David Tan Hung Hoe	4/4
Ernest Bong Miau Fatt	4/4
Tuan Haji Mohamad Faiz Bin Abdul Hamid (<i>resigned on 1 September 2016</i>)	2/3
Noor Alina Binti Mohamad Faiz (<i>appointed on 18 October 2016</i>)	1/1

4.2 Directors' training

The Board, via the Nomination Committee, assesses the training needs of each of its Directors on an annual basis, by determining areas that would best strengthen their contributions to the Board. Review of the trainings accomplished by the Directors and determination of the training needs of each Director was conducted in February 2016 by the Nomination Committee. From the assessment, the Nomination Committee concluded that the Directors have attended adequate trainings enabling them to discharge their responsibilities.

The Directors have participated in various training programmes, seminars, conferences and briefings in areas of finance, tax, corporate governance and risk management, industry and regulatory developments to keep abreast of changes in legislations and regulations affecting the Group. All Directors have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. Puan Noor Alina Binti Mohamad Faiz, who was appointed to the Board on 18 October 2016 had attended and completed the MAP on 7 and 8 November 2016.

Amongst the training programmes, seminars and briefings attended by the Directors during the financial year are as follows:-

- Sustainability Reporting
- Audit Oversight Board
- Credit Suisse Market Outlook
- Budget Seminar 2017
- MIA International Tax Conference 2016
- National Tax Conference 2016

During the financial year, the Directors had also visited several aluminium plants both locally and overseas to further enhance their professionalism in respect of the Company's nature of business in discharging their duties to the Group.

The Senior Management had also briefed the Directors on general economic, industry and technical developments from time to time.

The Directors will continue to attend relevant training courses to further enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

The Company Secretaries facilitate the organisation of internal training programmes and keep Directors informed of relevant external training programmes. The Company Secretaries also circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards ("MFRS") that affect the Group's financial statements during the year.

CORPORATE GOVERNANCE STATEMENT

cont'd

UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

Financial Reporting

The Board commits to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly results to shareholders as well as the Management Discussion and Analysis in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. The Audit Committee also reviews the annual and interim financial statements, and the appropriateness of accounting policies. Timely release of quarterly results announcements, annual financial statements and annual report reflects the Board's commitment to provide transparent and up-to-date disclosures to the public.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that MFRS, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia have been applied with and reasonable and prudent judgement and estimates have been made.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this annual report.

Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the MMLR. The Board, through its Audit Committee, reviews all material related party transactions involved. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider such matters.

The Board is responsible at all times for determining potential or actual conflict of interest in relation to any matter which comes before the Board.

Further details of these transactions are set out in the Recurrent Related Party Transactions' Circular to Shareholders dated 27 April 2017.

5.2 Assessment of suitability and independence of external auditors

Key features underlying the relationship of the Audit Committee with the External Auditors are available at the corporate website, www.pmbtechnology.com.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on Pages 17 to 18 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

cont'd

UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

5.2 Assessment of suitability and independence of external auditors (cont'd)

The External Auditors provide mainly audit-related services to the Company. Due to the strong knowledge of the Company, the External Auditors also undertake certain non-audit services such as reviews on Directors' Statement on Risk Management and Internal Control, and supplementary financial information on the breakdown of realised and unrealised retained earnings. The Group has in place policies covering the provision of non-audit services by the External Auditors to ensure such services do not impair the external auditors' independence.

The Board upholds the integrity of financial reporting by the Company and as such, the External Auditors have confirmed to the Board their independence in providing both audit and non-audit services up to the date of this statement.

The External Auditors rotate its audit partners every five (5) years to ensure objectivity, independence and integrity of the audit opinion to comply with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Audit Committee has regular discussion with the External Auditors. The External Auditors attended two (2) out of four (4) of the Audit Committee meetings held in the first and fourth quarter of fiscal year 2016 to present their audit plan and audit findings. The Audit Committee also discussed key concerns and obtained feedback from the External Auditors on the matter relating to the Company's affairs without the presence of the Management and Executive Board members.

During the year, the Audit Committee had also reviewed the adequacy, competency, suitability and independence of External Auditors and recommends their re-appointment to the Board for consideration and the Audit Committee was satisfied with the External Auditors' technical competency and audit independence.

The details of the audit and non-audit fees incurred by the Company and the Group for the financial year ended 31 December 2016 are disclosed in page 43 of the Annual Report.

RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board has the ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy as well as overseeing the Company's strategic risk management and internal control framework.

The Company had in year 2013 adopted the Risk Management Policy. The key features of the Risk Management framework are set out in the Statement on Risk Management and Internal Control of the Company as set out on Pages 46 to 47 of this Annual Report.

The Company does not have a Risk Management Committee. Nonetheless, the Board through its Audit Committee reviews the key risks identified on a regular basis to ensure, as far as possible, the protection of its assets and its shareholders' investment.

6.2 Internal audit function

The Company outsourced its internal audit function to a qualified professional firm. The outsourced Internal Auditors participated in all four (4) Audit Committee meetings during the fiscal year to highlight and discuss significant issues noted. During the meeting, the Audit Committee also reviewed the adequacy, competency and suitability of internal audit resources available, and assess whether the scope of internal audit engagement aligns with the Company's risk management profile.

The Statement on Risk Management and Internal Control furnished on Pages 46 to 48 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

CORPORATE GOVERNANCE STATEMENT

cont'd

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

Information Disclosure

The Board has formalised a corporate disclosure policy to enable comprehensive, accurate and timely disclosure relating to the Group to be made to the regulators, shareholders and stakeholders in accordance with the disclosure requirements as stipulated in the MMLR and other applicable laws.

7.2 Leverage on information technology for effective dissemination of information

Investor Relations and Shareholders' Communication

The Company's website, www.pmbtechnology.com, provides an avenue for information, such as dedicated sections on corporate and governance structure of the Group, financial information, share price, announcements and press releases. The website is continuously updated to ensure that the information contained within is current.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

The Board acknowledges the need for the shareholders to be informed of all material business matters affecting the Company. In addition to various announcements made, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.

The AGM is the principal forum for dialogue with shareholders. Notice of AGM together with a copy of the Company's Annual Report will be sent to shareholders at least twenty-one (21) days before the meeting. Notice of the AGM is also advertised in a national circulated daily newspaper. Members of the Board as well as the External Auditors will be present to answer questions relevant to the resolution being proposed, the financial performance, business operations or corporate governance of the Company and other matters affecting the Company's shareholders' interests.

Shareholders are encouraged to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. During the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board. All the resolutions set out in the Notice of the Fourteenth AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

8.2 Effective Communication and Proactive Engagement

The Board encourages participation at general meetings and will generally put the resolutions to vote by a show of hands, except for related party transaction where a poll will be conducted or unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

However, with effect from the forthcoming AGM, all resolutions set out in the Company's Notice of AGM or Notices of Resolutions received, and its related amendments will be subject to poll voting. An independent scrutineer would be appointed to validate the votes cast at the AGM and a summary of the key matters discussed at the Company's AGM will then be posted onto the Company's website.

This statement is made in accordance with the resolution of the Board of Directors duly passed on 20 April 2017.

OTHER INFORMATION

(1) MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

During the financial year, there were no material contracts entered into by the Group involving interest of Directors, Chief Executive and major shareholders.

(2) AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2016, the amount of audit and non-audit fees paid by the Company and the Group to the external auditors and their affiliates are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	55	257
Non-Audit Fees		
- Review of the Statement on Risk Management and Internal Control	25	25
- Review of the supplementary financial information on the breakdown of realised and unrealised retained earnings	10	10
- Tax fees	6	13
Total	96	305

(3) RECURRENT RELATED PARTY TRANSACTIONS

The details for the Recurrent Related Party Transactions of a Revenue or Trading Nature transacted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2016 are stated in Section 2.2 and Section 2.3 of the Circular to Shareholders dated 27 April 2017 and Note 29 of the Financial Statements.

(4) UTILISATION OF PROCEEDS

The Company did not undertake any corporate proposal during the financial year ended 31 December 2016 to raise proceeds.

CORPORATE SOCIAL RESPONSIBILITIES

The Company recognises its responsibility to contribute to the development of the community as these are the core values that help us grow. As such, we take into account all our stakeholders – customers, shareholders, financiers, suppliers, employees, local communities as well as the environment – as we build up our corporate value and ensure sustainable growth in tandem with society.

WORKPLACE

Recruitment and Employment Opportunities

Our employees are our vital assets. We believe in nurturing the personal growth of our employees, as they are the wheels that drive the Company. We strive to promote diversity in terms of gender, ethnicity and age as the Board recognises that diversity in workplace is essential in ensuring its effectiveness, good corporate governance and business growth.

Employee Development

We ensure that equal opportunities are provided to all staff as well as foster employees the opportunities for advancement and mobility through career enhancement initiatives.

In keeping with good employment practices, we strive to create a stable and healthy working environment that promotes mutual respect, productivity and diversity. To equip our staff with better skills and to maximise their potential, we have throughout the year conducted several external and in-house trainings for our employees.

Recognition and Reward

Recognition is also given to the employees for every five years of service, with a gold pendant presented to each of them at the Group's annual dinner. The presentation of awards has become an important part of our annual dinner and, in general, has a positive effect in promoting staff motivation and morale.

Sports and Social

To boost morale and teamwork, we also reward our employees with activities and awards accordingly, based on their accomplishments. The Company also subsidised some employees' recreational activities within their work groups to foster better team spirit among our employees and with the senior management. A sports committee was formed to initiate activities such as our weekly badminton games, festive celebrations and bowling tournaments. On the other hand, the Company has been contributing in cash and in-kind to its employees in need.

Health and Safety

We also emphasise in maintaining a clean, organised, safe and healthy working environment for our employees. We have conducted several occupational and safety awareness programs during the year under review to create awareness, and at the same time, to continuously improve on equipment safety measures. The Group has also implemented the 5'S (Sort, Straighten, Shine, Standardise and Sustain), as a practice of continuously maintaining a clean, organised workplace by eliminating all unnecessary waste in the workplace and maintain discipline at workplace.

CORPORATE SOCIAL RESPONSIBILITIES

cont'd

COMMUNITY & SOCIETY

Corporate Social Activities

We believe that responsible citizenship is essential to the vitality of our communities. We encourage volunteer activities and actively create opportunities for interaction with the local communities, emphasising on continuity to establish our roots firmly with them.

The Group has supported and will continue to contribute to a broad array of charities such as with a primary focus directed in aiding the underprivileged, fund raising to support natural disaster recovery and relief efforts and so on. Besides regular donations to old folks home or orphanages, we also encourage our employees to personally visit together with their own families to promote better kinship and social awareness.

Throughout these years, the Group had organised Blood Donation Campaigns in collaboration with Pusat Darah Negara with the objective in assisting them in the blood replenishment. The campaign was not only limited to our employees but also to blood donors from their family members.

By strongly supporting our employees' involvement in the community, we aim to inculcate such essential values upon them. Hence, we will continue to actively pursue more activities that will match the sentiments of our local communities – because they are our strong foundation that will help propel mutual growth and success.

Product Stewardship

To our customers, the Group strives to be excellent in product stewardship to ensure quality is never compromised. We offer high quality products with products' warranty for our curtain wall business and products' liability insurance for our access equipment business.

Education

Education is a fundamental part of the society. The Group has always been supportive of education and we play our part through awarding scholarships to selected academically excellent and deserving students of certain local institutions. The scholarships were awarded to those financially needy Malaysian talents to develop their full potential, fulfil their aspiration and contribute towards the nation's development. Furthermore, Internship was offered to selected students of certain local institutions to enable them to apply classroom theory to "real world" situations.

GLOBAL ENVIRONMENT

Environmental Friendly

We seek to maintain harmony with nature and we recognise the importance of improving the environment in which we operate by constantly monitor the environmental impact of every facet in our operations and apply cost-efficient means of reducing the use of natural resources. We also communicate with our employees to ensure awareness of environmental objectives and support employee-driven environmentally protective initiatives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of public listed companies are required to include in their annual report a statement about the state of risk management and internal control of the listed issuer as a group. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the group's assets. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines").

BOARD RESPONSIBILITY

The Board is committed to maintain both a sound system of risk management and internal control and the proper management of risks throughout the operations of the Group in order to safeguard shareholders' investment and assets of the Group. The Board acknowledges that it is ultimately responsible for the Group's system of internal control which main features include the establishment of an appropriate control environment and framework, including financial, operational and compliance controls and risk management.

The Board is responsible in identifying, evaluating and managing the significant risks of the Group, as well as reviewing the adequacy and effectiveness of the risk management and internal control system on an ongoing basis. 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.

The Board believes that the risk management and internal control system in place is adequate and effective to manage the risk of the Group. Nevertheless, it should be noted that due to the inherent limitations in any system, such systems are designed to reduce rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Company has established, maintained and reviewed a proper risk management framework to identify, measure and control risks that may prevent the Group from achieving its objectives.

The Risk Management Policy has been approved by the Board and it governs the risk management approach applied to the Group. The major risks in which the Group is exposed to are operational, strategic, financial, products and reputational risks.

The Audit Committee reviews the effectiveness of the Risk Management Policy from time to time to continuously improve the risk management in this dynamic business environment.

The Audit Committee has engaged the services of external consultants to assess the adequacy and effectiveness of the internal control system. The internal audit process covers the audit of selected units and operations based on risk assessment conducted by the internal auditors and approved by the Audit Committee. The Audit Committee is kept informed of the internal audit process, from the annual audit plan up to the audit findings and reporting. The details on the Internal Audit function are further explained on page 18 to 19 of this Annual Report.

During the financial year, the internal audit function conducted internal audits in accordance with the approved internal audit plan for the purposes of assessing the adequacy and effectiveness of the internal control systems. The results of the audit and recommendations for improvement co-developed with Management were presented at the Audit Committee Meetings, and subsequently approved by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK (cont'd)

A few internal control weaknesses were identified during the period, all of which have been, or are being addressed. System of internal controls is being implemented and continuous reviews are being carried out to ensure its adequacy and effectiveness. None of these weaknesses have resulted in any material error and losses, contingencies or uncertainties that would require mention in the Group's annual report.

Other key elements of internal control

Apart from risk management and internal audit, the other key elements of the Group's internal control systems are described below:

- A management structure with job descriptions and defined lines of responsibilities is in place for all business operating units;
- Two of its subsidiaries have the following accreditation for their operational processes:-

Everlast Aluminium (M) Sdn. Bhd.	<ul style="list-style-type: none"> • SIRIM BS 2037:1994 on portable aluminium ladder • SIRIM HD 1004:2004 on prefabricated mobile access and working tower • SIRIM BS EN 131-2:1993 portable aluminum ladder • SIRIM BS EN 131-2:1993 on portable fiberglass ladder • SIRIM BS EN 131-7:2013 on mobile ladders with platform • ISO 9001:2008 on Quality Management Systems
PMB Façade Technology Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001: 2008 on Quality Management System
- Review of all proposals for material capital and investment acquisitions by the Management prior to the review and approval by the Board of Directors;
- Information is provided by the Management to the Board on a quarterly basis, covering financial performance as well as key performance indicators, such as cash flow performance, product sales analysis and operating cost analysis. These performance reports are benchmarked against budgets;
- Quarterly monitoring of results and financial position by the Board;
- Visits to business operating units by key members of the Board and the Management team at least every 6 months;
- Quarterly review of Group related party transactions by the Audit Committee;
- Company value statement, code of conduct and policies and procedures are in place and made available to all staff; and
- Charter of responsibilities and functions of the Board of Directors and its main committees - Audit Committee, Nomination Committee and Remuneration Committee.

Management has taken the necessary actions to remediate weakness identified for the financial year under review. The Board and the Management will continue to monitor the effectiveness and take measures to improve the risk management and the internal control systems.

Assurance provided by the Group Chief Executive Officer and Chief Financial Officer

In line with the Guidelines, the Group Chief Executive Officer and Chief Financial Officer have provided assurance to the Board stating that the Group's risk management and internal control system has operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK (cont'd)

Review of Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2016, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) has not been prepared 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 Issuers, or
- b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

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DIRECTORS' REPORT

For the year ended 31 December 2016

The Directors 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 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year attributable to owners of the Company	10,715	2,802

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 December 2015 as reported in the Directors' Report of that year:
 - a third interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 26 November 2015 and paid on 13 January 2016.
 - a fourth interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 25 February 2016 and paid on 5 April 2016.
- ii) In respect of the financial year ended 31 December 2016:
 - a first interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 3 May 2016 and paid on 9 June 2016.
 - a second interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 16 August 2016 and paid on 20 September 2016.
 - a third interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 declared on 28 October 2016 and paid on 8 December 2016.

Subsequent to the financial year end, the Directors declared a fourth interim ordinary dividend of 1 sen per ordinary share totalling RM774,798 in respect of the financial year ended 31 December 2016, which is payable on 5 April 2017. The Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS' REPORT

For the year ended 31 December 2016
cont'd

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Koon Poh Keong
Koon Poh Ming
Dato' Koon Poh Tat
Koon Poh Weng
Loo Lean Hock
David Tan Hung Hoe
Ernest Bong Miau Fatt
Noor Alina Binti Mohamad Faiz (appointed on 18 October 2016)
Tuan Haji Mohamad Faiz Bin Abdul Hamid (resigned on 1 September 2016)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2016
	At 1.1.2016	Bought	Sold	
Interest in the Company:				
Dato' Koon Poh Keong	1,089,700	-	-	1,089,700
Koon Poh Ming				
– own	30,000	-	-	30,000
– spouse *	4,906,115	1,000,000	-	5,906,115
– child *	7,500,000	-	-	7,500,000
Dato' Koon Poh Tat	3,455,000	-	-	3,455,000
Ernest Bong Miau Fatt	48,000	-	-	48,000
Deemed interest in the Company:				
Dato' Koon Poh Keong ^	-	21,475,958	-	21,475,958
Koon Poh Ming # ^	6,797,288	21,475,958	-	28,273,246
Dato' Koon Poh Tat #	6,797,288	-	-	6,797,288
Koon Poh Weng #	6,797,288	-	-	6,797,288

* In accordance with the Companies Act, the interests of the spouse and the children of Koon Poh Ming in the shares of the Company shall be treated as the interest of Koon Poh Ming.

Deemed interested by virtue of their interests in Weng Fatt Stainless Steel Sdn. Bhd.

^ Deemed interested by virtue of their interests in Alpha Milestone Sdn. Bhd. which holds shares in Press Metal Berhad, which in turn holds shares in PMB Technology Berhad.

By virtue of their interests in the shares of the Company, Dato' Koon Poh Keong, Koon Poh Ming, Dato' Koon Poh Tat and Koon Poh Weng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that PMB Technology Berhad has an interest.

None of the other Directors holding office at 31 December 2016 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

For the year ended 31 December 2016

cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officers of the Group are RM3,000,000 and RM8,500 respectively.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) 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
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

For the year ended 31 December 2016
cont'd

OTHER STATUTORY INFORMATION (cont'd)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

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

Koon Poh Ming
Director

Koon Poh Weng
Director

Petaling Jaya, Selangor

Date: 20 April 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Property, plant and equipment	3	88,042	93,062	1	1
Goodwill	4	792	792	-	-
Investment properties	5	1,246	1,276	-	-
Investments in subsidiaries	6	-	-	42,990	39,990
Investment in associate	7	-	-	-	-
Total non-current assets		90,080	95,130	42,991	39,991
Inventories	8	40,941	42,511	-	-
Current tax assets		2,080	1,221	40	39
Trade and other receivables	9	184,713	165,718	5,212	5,975
Cash and cash equivalents	10	42,238	40,864	229	151
Total current assets		269,972	250,314	5,481	6,165
Total assets		360,052	345,444	48,472	46,156
Equity					
Share capital		40,000	40,000	40,000	40,000
Share premium		6,941	6,941	6,941	6,941
Translation reserve		7,540	5,772	-	-
Treasury shares		(2,220)	(2,220)	(2,220)	(2,220)
Retained earnings		101,435	93,819	139	436
Equity attributable to owners of the Company	11	153,696	144,312	44,860	45,157
Non-controlling interests		-	-	-	-
Total equity		153,696	144,312	44,860	45,157
Liabilities					
Loans and borrowings	12	7,435	11,438	-	-
Deferred tax liabilities	13	7,102	7,682	-	-
Total non-current liabilities		14,537	19,120	-	-
Loans and borrowings	12	89,324	89,158	-	-
Trade and other payables	14	101,603	92,830	3,612	999
Current tax liabilities		892	24	-	-
Total current liabilities		191,819	182,012	3,612	999
Total liabilities		206,356	201,132	3,612	999
Total equity and liabilities		360,052	345,444	48,472	46,156

The notes on pages 61 to 109 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	15	371,030	434,293	3,980	3,880
Cost of sales	16	(302,707)	(369,060)	-	-
Gross profit		68,323	65,233	3,980	3,880
Other income		1,811	344	-	-
Distribution expenses		(5,573)	(4,441)	-	-
Administrative expenses		(27,478)	(24,281)	(789)	(788)
Other expenses		(19,488)	(20,188)	(389)	(299)
Results from operating activities		17,595	16,667	2,802	2,793
Finance income	17	9	8	-	-
Finance costs	18	(4,311)	(6,120)	-	-
Net finance costs		(4,302)	(6,112)	-	-
Profit before tax		13,293	10,555	2,802	2,793
Tax (expense)/income	19	(2,578)	(2,834)	-	5
Profit for the year	20	10,715	7,721	2,802	2,798
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		1,768	6,954	-	-
Other comprehensive income for the year, net of tax		1,768	6,954	-	-
Total comprehensive income for the year		12,483	14,675	2,802	2,798
Profit attributable to:					
Owners of the Company		10,715	7,721	2,802	2,798
Non-controlling interests		-	-	-	-
Profit for the year		10,715	7,721	2,802	2,798
Total comprehensive income attributable to:					
Owners of the Company		12,483	14,675	2,802	2,798
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		12,483	14,675	2,802	2,798
Basic earnings per ordinary share (sen)	21	13.83	9.97		

The notes on pages 61 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

Group	Note	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
		Share capital	Share premium	Translation reserve	Treasury shares	Retained earnings			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2015		40,000	6,941	(1,182)	(2,220)	89,197	132,736	-	132,736
Foreign currency translation differences for foreign operations		-	-	6,954	-	-	6,954	-	6,954
Total other comprehensive income for the year		-	-	6,954	-	-	6,954	-	6,954
Profit for the year		-	-	-	-	7,721	7,721	-	7,721
Total comprehensive income for the year		-	-	6,954	-	7,721	14,675	-	14,675
Dividends to owners of the Company	22	-	-	-	-	(3,099)	(3,099)	-	(3,099)
At 31 December 2015		40,000	6,941	5,772	(2,220)	93,819	144,312	-	144,312
		Note 11	Note 11	Note 11	Note 11				
At 1 January 2016		40,000	6,941	5,772	(2,220)	93,819	144,312	-	144,312
Foreign currency translation differences for foreign operations		-	-	1,768	-	-	1,768	-	1,768
Total other comprehensive income for the year		-	-	1,768	-	-	1,768	-	1,768
Profit for the year		-	-	-	-	10,715	10,715	-	10,715
Total comprehensive income for the year		-	-	1,768	-	10,715	12,483	-	12,483
Dividends to owners of the Company	22	-	-	-	-	(3,099)	(3,099)	-	(3,099)
At 31 December 2016		40,000	6,941	7,540	(2,220)	101,435	153,696	-	153,696
		Note 11	Note 11	Note 11	Note 11				

The notes on pages 61 to 109 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

Company	Note	← Attributable to owners of the Company →				Total equity
		Share capital	Share premium	Treasury shares	Retained earnings	
		RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015		40,000	6,941	(2,220)	737	45,458
Profit and total comprehensive income for the year		-	-	-	2,798	2,798
Dividends to owners of the Company	22	-	-	-	(3,099)	(3,099)
At 31 December 2015/ 1 January 2016		40,000	6,941	(2,220)	436	45,157
Profit and total comprehensive income for the year		-	-	-	2,802	2,802
Dividends to owners of the Company	22	-	-	-	(3,099)	(3,099)
At 31 December 2016		40,000	6,941	(2,220)	139	44,860
		Note 11	Note 11	Note 11		

The notes on pages 61 to 109 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities					
Profit before tax		13,293	10,555	2,802	2,793
<i>Adjustments for:</i>					
Depreciation of investment properties	5	30	29	-	-
Depreciation of property, plant and equipment	3	9,188	8,145	-	-
Dividend income		-	-	(3,550)	(3,450)
Finance costs	18	4,311	6,120	-	-
Finance income	17	(9)	(8)	-	-
Loss on deregistration of an associate		-	22	-	-
Net gain on disposal of property, plant and equipment		(114)	(5)	-	-
Property, plant and equipment written off		539	-	-	-
Impairment loss on trade receivables		325	485	-	-
Reversal of impairment loss on trade receivables		(478)	(440)	-	-
Unrealised foreign exchange gain		(183)	(692)	-	-
Operating profit/(loss) before changes in working capital					
		26,902	24,211	(748)	(657)
Change in inventories		1,570	2,771	-	-
Change in trade and other payables		9,607	(11,167)	59	1
Change in trade and other receivables		(18,706)	32,856	-	778
Cash generated from/(used in) operations					
		19,373	48,671	(689)	122
Tax paid		(3,461)	(2,129)	(51)	(46)
Tax refunded		312	271	50	42
Net cash from/(used in) operating activities					
		16,224	46,813	(690)	118

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2016
cont'd

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(2,888)	(6,248)	-	-
Dividends received from subsidiaries		-	-	3,550	3,450
Increase in investment in a subsidiary		-	-	(3,000)	-
Interest received		9	8	-	-
Proceeds from disposal of property, plant and equipment		130	5	-	-
Net cash (used in)/from investing activities		(2,749)	(6,235)	550	3,450
Cash flows from financing activities					
Change in pledged deposits		219	(6)	-	-
Decrease in amount due to affiliated companies		(13)	(12)	-	-
Decrease in amount due from subsidiaries		-	-	763	1,942
Decrease in amount due to associate		-	(64)	-	-
Dividends paid to owners of the Company	22	(3,873)	(3,100)	(3,873)	(3,100)
Drawdown/(Repayment) of bankers' acceptances		1,997	(37,756)	-	-
Increase/(Decrease) in amount due to subsidiaries		-	-	3,328	(2,298)
Interest paid on loans and borrowings		(4,522)	(6,120)	-	-
Repayment of finance lease liabilities		(2,546)	(2,913)	-	-
(Repayment)/Drawdown of revolving credits		(2,195)	10,100	-	-
Repayment of bank loans		(3,490)	(3,252)	-	-
Net cash (used in)/from financing activities		(14,423)	(43,123)	218	(3,456)

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2016

cont'd

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(948)	(2,545)	78	112
Effect of foreign currency exchange rate fluctuations	1,766	6,900	-	-
Cash and cash equivalents at 1 January	40,398	36,043	151	39
Cash and cash equivalents at 31 December	41,216	40,398	229	151

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits	-	219	-	-
Less: Pledged deposits	-	(219)	-	-
	-	-	-	-
Cash and bank balances	42,238	40,645	229	151
Bank overdrafts	(1,022)	(247)	-	-
	41,216	40,398	229	151

(i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,510,000 (2015: RM7,333,000), of which RM1,622,000 (2015: RM1,085,000) were acquired by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

PMB Technology Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 1797, Jalan Balakong
Bukit Belimbing
43300 Seri Kembangan
Selangor Darul Ehsan

Registered office

Lot 6.05, Level 6
KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates. The financial statements of the Company as at and for the financial year ended 31 December 2016 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 20 April 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)**
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions**
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts**
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for those marked with “*” which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the applicable accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 9 and 14 - amount due from/to contract customers
- Note 15 - revenue from construction contracts

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Associates (cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method and are subject to review for impairment (see Note 2(l)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(iii) 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 specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• leasehold land	32 - 84 years
• buildings	50 years
• motor vehicles	5 - 10 years
• office renovation	5 - 10 years
• furniture and fittings	5 - 10 years
• office equipment	5 - 10 years
• plant and equipment/machinery	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leased assets (cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Affiliated companies

An affiliated company is a company which holds a long-term equity interest of between 20% to 50% of the issued equity capital of the Company, and exercises significant influence over the financial and operating policies of the Company. In the context of these financial statements, affiliated companies also include the subsidiaries of the affiliated company.

(h) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and buildings held for a currently undetermined future use or leased out. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in-first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(j) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Construction work-in-progress (cont'd)

Construction work-in-progress is presented as part of trade and other receivables as amounts due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amounts due to contract customers which is part of trade and other payables in the statement of financial position.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and amount due from contract customers) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment (cont'd)

(ii) Other assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Rental income

Rental income from property and motor vehicle are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iv) Management fee income

Management fee income is recognised in profit or loss when the services are provided.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Borrowing costs (cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or completed.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Operating segments

An 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. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Buildings RM'000	Motor vehicles RM'000	Office renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Plant and equipment/ machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Cost									
At 1 January 2015	34,373	15,078	10,314	486	3,789	4,560	89,124	700	158,424
Additions	350	77	1,365	-	158	877	4,506	-	7,333
Transfer	-	520	-	-	-	-	-	(520)	-
Disposals	-	-	(36)	-	-	-	-	-	(36)
Write-off	-	-	-	-	-	(5)	-	-	(5)
Effect of movements in exchange rates	-	-	15	88	39	187	41	-	370
At 31 December 2015/ 1 January 2016	34,723	15,675	11,658	574	3,986	5,619	93,671	180	166,086
Additions	688	215	1,015	-	26	311	2,255	-	4,510
Borrowing costs capitalised	211	-	-	-	-	-	-	-	211
Disposals	-	-	(620)	-	(18)	(2)	(140)	-	(780)
Write-off	-	-	(932)	-	-	-	-	-	(932)
Effect of movements in exchange rates	-	-	3	22	5	46	5	-	81
At 31 December 2016	35,622	15,890	11,124	596	3,999	5,974	95,791	180	169,176
Depreciation									
At 1 January 2015	1,517	3,384	6,629	397	2,581	3,126	46,970	-	64,604
Depreciation for the year	379	412	933	28	249	723	5,421	-	8,145
Disposals	-	-	(36)	-	-	-	-	-	(36)
Write-off	-	-	-	-	-	(5)	-	-	(5)
Effect of movements in exchange rates	-	-	5	76	33	161	41	-	316
At 31 December 2015/ 1 January 2016	1,896	3,796	7,531	501	2,863	4,005	52,432	-	73,024
Depreciation for the year	387	340	880	29	231	339	6,982	-	9,188
Disposals	-	-	(620)	-	(5)	-	(139)	-	(764)
Write-off	-	-	(393)	-	-	-	-	-	(393)
Effect of movements in exchange rates	-	-	3	20	5	46	5	-	79
At 31 December 2016	2,283	4,136	7,401	550	3,094	4,390	59,280	-	81,134
Carrying amount									
At 1 January 2015	32,856	11,694	3,685	89	1,208	1,434	42,154	700	93,820
At 31 December 2015/ 1 January 2016	32,827	11,879	4,127	73	1,123	1,614	41,239	180	93,062
At 31 December 2016	33,339	11,754	3,723	46	905	1,584	36,511	180	88,042

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Furniture and fittings
Cost	RM'000
At 1 January 2015/31 December 2015/1 January 2016/31 December 2016	<u>13</u>
Depreciation	
At 1 January 2015/31 December 2015/1 January 2016/31 December 2016	<u>12</u>
Carrying amount	
At 1 January 2015/31 December 2015/1 January 2016/31 December 2016	<u>1</u>

3.1 Leased plant and equipment/machinery and motor vehicles

At 31 December, the net carrying amount of leased plant and equipment/machinery and motor vehicles are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Plant and equipment/machinery	2,158	4,861
Motor vehicles	2,854	3,237
	<u>5,012</u>	<u>8,098</u>

3.2 Security

Properties with a carrying amount of RM30,395,000 (2015: RM29,841,000) are pledged as security to secure bank loans granted to the Group (see Note 12).

3.3 Land

Included in the total carrying amount of land are:

	Group	
	2016	2015
	RM'000	RM'000
Freehold land	5,001	5,001
Leasehold land with unexpired lease period of more than 50 years	26,205	25,866
Leasehold land with unexpired lease period of less than 50 years	2,133	1,960
	<u>33,339</u>	<u>32,827</u>

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. GOODWILL

	Group	
	2016	2015
	RM'000	RM'000
Cost		
At 1 January/31 December	792	792

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2016	2015
	RM'000	RM'000
PMB Quick Access Sdn. Bhd.	2	2
PMB-Cyberwall Limited	790	790
	792	792

The Directors are of the opinion that the goodwill allocated to PMB Quick Access Sdn. Bhd. is not material. Hence, the disclosures below do not cover the impairment testing performed for PMB Quick Access Sdn. Bhd..

PMB-Cyberwall Limited ("PMB-Cyberwall")

The recoverable amount of PMB-Cyberwall was based on its value in use, determined by discounting future cash flows to be generated by PMB-Cyberwall.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and 5 years business plan. A terminal growth rate of 2% (2015: 2%) was then applied. Management believes that this terminal growth rate was justified due to the long-term nature of the construction business.
- The anticipated growth rate for revenue, based on past experience, was estimated to be 5% (2015: 5%).
- The anticipated incremental rate for cost, based on past experience, was estimated to be 5% (2015: 5%).
- A pre-tax discount rate of 8% (2015: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the industry weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the construction industry and are based on both external sources and internal sources of historical data.

The above estimates are not particularly sensitive in any areas.

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Freehold buildings RM'000	Total RM'000
Cost			
At 1 January 2015/31 December 2015/1 January 2016/ 31 December 2016	42	1,486	1,528
Depreciation			
At 1 January 2015	-	223	223
Depreciation for the year	-	29	29
At 31 December 2015/1 January 2016	-	252	252
Depreciation for the year	-	30	30
At 31 December 2016	-	282	282
Carrying amounts			
At 1 January 2015	42	1,263	1,305
At 31 December 2015/1 January 2016	42	1,234	1,276
At 31 December 2016	42	1,204	1,246

Investment properties comprise freehold land, residential properties and commercial properties that are leased to third parties or vacant.

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

	Group	
	2016 RM'000	2015 RM'000
Rental income	18	21
Direct operating expenses:		
- income generating investment properties	(12)	(15)
- non-income generating investment properties	(7)	(12)

Fair value information

Fair value of investment properties are categorised as follows:

	Group	
	2016 RM'000	2015 RM'000
Level 3		
Freehold land	113	80
Freehold buildings	1,893	1,850
	2,006	1,930

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENT PROPERTIES (cont'd)

Fair value information (cont'd)

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

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting period with similar land usage, land size and location.	The estimated fair value would increase/(decrease) if recent transactions of similar properties at or near reporting period with similar land usage, land size and location were higher/(lower).

Valuation process applied by the Group for Level 3 fair value

The fair value of investment properties is estimated by the Directors using the comparison method. The comparison method entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	RM'000	RM'000
Unquoted shares, at cost	42,990	39,990

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2016	2015
			%	%
PMB Façade Technology Sdn. Bhd. and its subsidiaries:-	Malaysia	Design, fabrication and installation of aluminium curtain wall and cladding systems, as well as manufacturing and trading of aluminium related products	100	100
PMB Facade Technology (H.K.) Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall and cladding systems and other related products	100	100
PMB-Cyberwall Limited *	Hong Kong	Design, fabrication and installation of aluminium curtain wall and cladding systems and other related products	100	100

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2016 %	2015 %
Kai PMB Façade Technology Limited *, #, i	Bangladesh	Dormant	51	51
PMB Aluminium Sabah Sdn. Bhd. and its subsidiary:-	Malaysia	Marketing of gypsum board, aluminium extrusion and other related products	100	100
PMB.POIC Bulking Sdn. Bhd.	Malaysia	Dormant	100	100
PMB Carbon Sdn. Bhd.	Malaysia	Dormant	100	100
PMB Silicon Sdn. Bhd. iii	Malaysia	Dormant	100	-
Sun Power Generation Sdn. Bhd. ii, ^	Malaysia	Dormant	100	100
Solar Power Generation (Sabah) Sdn. Bhd. ii, ^	Malaysia	Dormant	100	100
Everlast Aluminium (M) Sdn. Bhd. and its subsidiaries:-	Malaysia	Marketing of aluminium and other related products	100	100
Everlast Environmental Management Sdn. Bhd.	Malaysia	Dormant	100	100
Everlast Access Technologies Sdn. Bhd.	Malaysia	Manufacturing and marketing of aluminium and other related products	100	100
PMB Northern Sdn. Bhd.	Malaysia	Marketing of aluminium and other related products	100	100
PMB Central Sdn. Bhd.	Malaysia	Marketing of gypsum board, aluminium extrusion and other related products	100	100
PMB Eastern Sdn. Bhd. *	Malaysia	Marketing of gypsum board and other related products	100	100
PMB Quick Access Sdn. Bhd. *	Malaysia	Manufacturing and marketing of scaffolding tower, rental of machinery and scaffolding tower and trading of other related products	100	100

NOTES TO THE FINANCIAL STATEMENTS

cont'd

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

* Not audited by member firms of KPMG International.

Consolidated based on management accounts.

^ In June 2015, these companies had applied to the Companies Commission of Malaysia ("CCM") to have the name struck-off pursuant to Section 308 of the Companies Act, 1965. The striking-off is pending completion.

i The non-controlling interests in this subsidiary are not material to the Group.

ii Not required to be audited, and consolidated based on unaudited management accounts.

iii On 1 April 2016, the Company incorporated a 99% owned subsidiary known as PMB Silicon Sdn. Bhd. ("PMBS") with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The total issued and paid-up share capital was RM100 comprising 100 ordinary shares of RM1 each.

On 6 April 2016, the Company acquired 1 ordinary share of RM1 each in PMBS representing 1% of its issued and paid-up share capital from a shareholder for a total cash consideration of RM1. Upon completion of the acquisition, PMBS become a wholly-owned subsidiary of the Company.

On 31 May 2016, PMBS increased its authorised share capital from RM400,000 divided into 400,000 ordinary shares of RM1 each to RM5,000,000 divided into 5,000,000 ordinary shares of RM1 each by the creation of an additional 4,600,000 ordinary shares of RM1 each. On the same date, the Company subscribed for an additional 2,999,900 ordinary shares of RM1 each in PMBS for a total cash consideration of RM2,999,900.

7. INVESTMENT IN ASSOCIATE

	Group	
	2016	2015
	RM'000	RM'000
At cost		
Unquoted shares	100	100
Share of post-acquisition reserves	(100)	(100)
Group's share of net assets	-	-

The Group has an associate, PMB-Qatar W.L.L which is incorporated in Qatar. The Group has a 49% (2015: 49%) effective ownership interest and voting interest in the associate.

The associate is not material to the Group as it is dormant and hence, no further disclosures are provided.

8. INVENTORIES

	Group	
	2016	2015
	RM'000	RM'000
Raw materials	12,542	16,141
Work-in-progress	3,239	2,411
Trading inventories and finished goods	25,160	23,959
	40,941	42,511
Recognised in profit or loss:		
Inventories recognised as cost of sales	191,078	163,582

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current					
Trade					
Trade receivables		60,353	58,817	-	-
Progress billings receivable	9.1	56,365	43,813	-	-
Less: Individual impairment allowance		(4,618)	(4,777)	-	-
		112,100	97,853	-	-
Amount due from contract customers	9.2	48,627	46,671	-	-
Amount due from associate	9.3	440	679	-	-
Amount due from affiliated companies	9.3	17,593	16,361	-	-
		178,760	161,564	-	-
Non-trade					
Amount due from subsidiaries	9.3	-	-	5,206	5,969
Other receivables		1,153	729	4	-
Deposits		2,548	1,065	2	2
Prepayments		2,252	2,360	-	4
		5,953	4,154	5,212	5,975
		184,713	165,718	5,212	5,975

9.1 Progress billings receivable

Included in progress billings receivable at 31 December 2016 are retentions of RM21,858,000 (2015: RM22,940,000) relating to construction work-in-progress. Retentions are unsecured, interest free and are expected to be collected as follows:

	Group	
	2016 RM'000	2015 RM'000
Within 1 year	2,158	8,041
1 - 2 years	19,700	14,899
	21,858	22,940

NOTES TO THE FINANCIAL STATEMENTS

cont'd

9. TRADE AND OTHER RECEIVABLES (cont'd)

9.2 Construction work-in-progress

	Group	
	2016	2015
	RM'000	RM'000
Aggregate costs incurred to date	512,891	455,140
Add: Attributable profits	83,907	66,903
	596,798	522,043
Less: Progress billings	(555,249)	(482,725)
	41,549	39,318
Represented by:		
Amount due from contract customers	48,627	46,671
Amount due to contract customers (Note 14)	(7,078)	(7,353)
	41,549	39,318

9.3 Amounts due from related parties

The trade amounts due from associate and affiliated companies are subject to normal trade terms.

The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits placed with a licensed bank	-	219	-	-
Cash and bank balances	42,238	40,645	229	151
	42,238	40,864	229	151

As at 31 December 2015, the entire deposits placed with a licensed bank were pledged as security to secure bank facilities granted to the Group (see Note 12).

NOTES TO THE FINANCIAL STATEMENTS

cont'd

11. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 2016 RM'000	Number of shares 2016 '000	Amount 2015 RM'000	Number of shares 2015 '000
Ordinary share of RM0.50 each:				
Authorised	50,000	100,000	50,000	100,000
Issued and fully paid	40,000	80,000	40,000	80,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Treasury shares

The shareholders of the Company, by a special resolution passed in an extraordinary general meeting held on 28 April 2006, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

There was no repurchase of issued share capital in the current financial year. During the financial year ended 31 December 2007, the Company repurchased 2,520,200 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.88 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

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12. LOANS AND BORROWINGS

	Note	Group	
		2016 RM'000	2015 RM'000
Non-current			
Bank loans - secured	12.3	5,519	9,283
Finance lease liabilities	12.4	1,916	2,155
		7,435	11,438
Current			
Bank loans - secured	12.3	3,755	3,481
Bankers' acceptances, trust receipts and revolving credits			
- secured	12.1	-	219
- unsecured	12.1	83,235	83,214
Bank overdrafts - unsecured	12.2	1,022	247
Finance lease liabilities	12.4	1,312	1,997
		89,324	89,158
		96,759	100,596

12.1 Bankers' acceptances, trust receipts and revolving credits

The bankers' acceptances, trust receipts and revolving credits of the Group are subject to fixed interest rates ranging from 2.55% to 6.22% (2015: 2.28% to 6.02%) per annum, of which RM219,000 as at 31 December 2015 were secured over deposits placed with a licensed bank (see Note 10), while RM83,235,000 (2015: RM83,214,000) are guaranteed by the Company.

12.2 Bank overdrafts - unsecured

The bank overdrafts of the Group are subject to floating interest rates of 1.0% (2015: 1.0%) per annum above the bank's base lending rate or Hong Kong Interbank Offered Rate ("HIBOR") and are guaranteed by the Company.

12.3 Bank loans - secured

	Group	
	2016 RM'000	2015 RM'000
Loan 1	1,092	1,285
Loan 2	3,928	5,395
Loan 3	3,540	5,224
Loan 4	714	860
	9,274	12,764

Loan 1 is subject to a fixed interest rate of 7.25% (2015: 7.25%) per annum while Loan 2, Loan 3 and Loan 4 are subject to a floating interest rate of 0.25% (2015: 0.25%) per annum above the bank's base lending rate. All the bank loans are secured over the Group's freehold land, leasehold land and buildings (see Note 3) and are guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

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12. LOANS AND BORROWINGS (cont'd)

12.4 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
	2016	2016	2016	2015	2015	2015
Group						
Less than one year	1,453	(141)	1,312	2,165	(168)	1,997
Between one and five years	2,038	(122)	1,916	2,280	(172)	2,108
More than five years	-	-	-	48	(1)	47
	3,491	(263)	3,228	4,493	(341)	4,152

The finance lease liabilities are subject to fixed interest rates ranging from 1.98% to 4.08% (2015: 2.39% to 4.08%) per annum, of which RM2,681,000 (2015: RM1,155,000) are guaranteed by the Company.

13. DEFERRED TAX LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment	-	-	7,153	7,895	7,153	7,895
Provisions	(288)	(282)	-	-	(288)	(282)
Other items	-	-	237	69	237	69
Tax (assets)/liabilities	(288)	(282)	7,390	7,964	7,102	7,682
Set off of tax	288	282	(288)	(282)	-	-
Net tax liabilities	-	-	7,102	7,682	7,102	7,682

NOTES TO THE FINANCIAL STATEMENTS

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13. DEFERRED TAX LIABILITIES (cont'd)

Movement in temporary differences during the year

Group	At 1.1.2015 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2015 /1.1.2016 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2016 RM'000
Property, plant and equipment	7,488	407	7,895	(742)	7,153
Provisions	(1,196)	914	(282)	(6)	(288)
Other items	(94)	163	69	168	237
	6,198	1,484	7,682	(580)	7,102

14. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade					
Trade payables		36,044	29,317	-	-
Amount due to contract customers	9.2	7,078	7,353	-	-
Amount due to affiliated companies	14.1	47,500	44,115	-	-
		90,622	80,785	-	-
Non-trade					
Amount due to affiliated companies	14.1	94	107	-	-
Amount due to subsidiaries	14.1	-	-	3,328	-
Other payables and accrued expenses	14.2	10,887	11,938	284	999
		10,981	12,045	3,612	999
		101,603	92,830	3,612	999

14.1 Amounts due to related parties

The trade amount due to affiliated companies is subject to normal trade terms.

The non-trade amounts due to affiliated companies and subsidiaries are unsecured, interest free and repayable on demand.

14.2 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are accruals for project costs amounting to RM1,200,000 (2015: RM3,604,000).

Included in other payables and accrued expenses of the Group and of the Company as at 31 December 2015 was dividend payable to owners of the Company amounted to RM774,000.

NOTES TO THE FINANCIAL STATEMENTS

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15. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	254,551	195,355	-	-
Construction contracts	116,479	238,938	-	-
Management fees	-	-	430	430
Dividends	-	-	3,550	3,450
	371,030	434,293	3,980	3,880

16. COST OF SALES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	213,789	172,040	-	-
Construction contracts	88,918	197,020	-	-
	302,707	369,060	-	-

17. FINANCE INCOME

	Group	
	2016 RM'000	2015 RM'000
Interest income of financial assets that are not at fair value through profit or loss:		
- fixed deposits	9	8

NOTES TO THE FINANCIAL STATEMENTS

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18. FINANCE COSTS

	Group	
	2016 RM'000	2015 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- bank overdrafts	252	346
- bankers' acceptances, trust receipts and revolving credits	3,177	4,611
- bank loans	795	1,034
- finance lease liabilities	202	300
	4,426	6,291
Other finance costs	96	179
	4,522	6,470
Recognised in profit or loss	4,311	6,120
Capitalised as qualifying asset:		
- property, plant and equipment	211	350
	4,522	6,470

19. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
Malaysian - current year	3,434	1,384	-	-
- prior year	(472)	(34)	-	(5)
Overseas - current year	196	-	-	-
Total current tax recognised in profit or loss	3,158	1,350	-	(5)
Deferred tax expense				
Origination and reversal of temporary differences	(57)	1,515	-	-
(Over)/Under provision in prior year	(523)	225	-	-
Effect of change in tax rate	-	(256)	-	-
Total deferred tax recognised in profit or loss	(580)	1,484	-	-
Total income tax expense	2,578	2,834	-	(5)

NOTES TO THE FINANCIAL STATEMENTS

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19. TAX EXPENSE (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Reconciliation of tax expense				
Profit before tax	13,293	10,555	2,802	2,793
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	3,190	2,639	672	698
Effect of tax rates in foreign jurisdictions	(99)	(76)	-	-
Non-deductible expenses	954	857	180	164
Non-taxable income	-	(265)	-	-
Tax-exempt income	-	-	(852)	(862)
Tax incentives	(472)	(256)	-	-
Effect of change in tax rate	-	(256)	-	-
(Over)/Under provision in prior year	(995)	191	-	(5)
	2,578	2,834	-	(5)

20. PROFIT FOR THE YEAR

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG PLT Malaysia	195	150	55	48
Other auditors	62	55	-	-
- Non-audit fees				
KPMG PLT Malaysia	35	25	35	25
Affiliate of KPMG PLT Malaysia	6	6	6	6
Affiliates of other auditors	7	7	7	7
Depreciation of investment properties	30	29	-	-

NOTES TO THE FINANCIAL STATEMENTS

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20. PROFIT FOR THE YEAR (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year is arrived at after charging: (cont'd)				
Depreciation of property, plant and equipment	9,188	8,145	-	-
Finance costs	4,311	6,120	-	-
Impairment loss on trade receivables	325	485	-	-
Loss on deregistration of an associate	-	22	-	-
Loss on disposal of property, plant and equipment	1	-	-	-
Net realised foreign exchange loss	8	5,377	-	-
Property, plant and equipment written off	539	-	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	1,935	1,789	84	80
- Wages, salaries and others	35,636	32,525	691	692
Rental expense in respect of:				
- Equipment and machinery	490	430	-	-
- Motor vehicle	81	78	-	-
- Property	3,441	3,630	-	-
and after crediting:				
Dividend income from subsidiaries	-	-	3,550	3,450
Finance income	9	8	-	-
Gain on disposal of property, plant and equipment	115	5	-	-
Insurance claimed	620	-	-	-
Management fees from subsidiaries	-	-	430	430
Net unrealised foreign exchange gain	183	692	-	-
Rental income from:				
- Investment property	23	26	-	-
- Properties	72	69	-	-
- Motor vehicle	36	36	-	-
Reversal of impairment loss on trade receivables	478	440	-	-

NOTES TO THE FINANCIAL STATEMENTS

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21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2016 RM'000	2015 RM'000
Profit attributable to ordinary shareholders	10,715	7,721

	Group	
	2016 '000	2015 '000
Weighted average number of ordinary shares at 31 December	77,480	77,480

	Group	
	2016 sen	2015 sen
Basic earnings per ordinary share	13.83	9.97

Diluted earnings per ordinary share

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

22. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2016			
Fourth interim 2015 ordinary	1.00	775	5 April 2016
First interim 2016 ordinary	1.00	775	9 June 2016
Second interim 2016 ordinary	1.00	775	20 September 2016
Third interim 2016 ordinary	1.00	774	8 December 2016
Total amount		3,099	

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22. DIVIDENDS (cont'd)

	Sen per share	Total amount RM'000	Date of payment
2015			
Third interim 2014 ordinary	1.00	775	9 April 2015
First interim 2015 ordinary	1.00	775	11 June 2015
Second interim 2015 ordinary	1.00	775	17 September 2015
Third interim 2015 ordinary	1.00	774	13 January 2016
Total amount		<u>3,099</u>	

Subsequent to the financial year end, the Directors declared a fourth interim ordinary dividend of 1sen per ordinary share totalling RM774,798 in respect of the financial year ended 31 December 2016, which is payable on 5 April 2017. The Directors do not recommend any final dividend to be paid for the financial year under review.

23. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2016 RM'000	2015 RM'000
Less than one year	1,319	2,673
Between one and five years	145	759
	<u>1,464</u>	<u>3,432</u>

The Group leases a number of office premises, apartments, warehouses and factory facilities under operating leases, with an option to renew the leases after their expiration.

24. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Manufacturing and trading.* Includes manufacturing and marketing of aluminium products and other related products.
- *Construction and fabrication.* Includes contracting, designing and fabrication of aluminium and stainless steel products.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

24. OPERATING SEGMENTS (cont'd)

Other non-reportable segments comprise operations related to investment holding and dormant companies. None of these segments met the quantitative threshold for reporting segments in 2016 and 2015.

There are varying levels of integration between the Manufacturing and Trading, and the Construction and Fabrication reportable segments. This integration includes transfers of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on a negotiated basis.

Performance is measured based on segment profit before tax and interest as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

	Manufacturing and trading		Construction and fabrication		Total	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	10,534	8,124	9,431	10,002	19,965	18,126
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	195,947	195,355	175,083	238,938	371,030	434,293
Inter-segment revenue	12,926	15,624	559	199	13,485	15,823
Depreciation	2,961	3,325	5,935	4,535	8,896	7,860
Segment assets	187,039	167,690	194,425	192,032	381,464	359,722
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	2,797	2,511	1,025	4,472	3,822	6,983

NOTES TO THE FINANCIAL STATEMENTS

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24. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable profit or loss, assets and other material items

	2016 RM'000	2015 RM'000
Profit or loss		
Total profit for reportable segments	19,965	18,126
Other non-reportable segments	1,267	1,996
Elimination of inter-segment profits	(3,637)	(3,455)
Finance income	9	8
Finance costs	(4,311)	(6,120)
Tax expense	(2,578)	(2,834)
Consolidated profit for the year	10,715	7,721
Total assets		
Total assets for reportable segments	381,464	359,722
Other non-reportable segments	82,167	77,679
Elimination of inter-segment balances	(103,579)	(91,957)
Consolidated total	360,052	345,444
Depreciation		
Total depreciation for reportable segments	8,896	7,860
Other non-reportable segments	322	314
Consolidated total	9,218	8,174
Additions to non-current assets		
Total additions to non-current assets for reportable segments	3,822	6,983
Other non-reportable segments	899	350
Consolidated total	4,721	7,333

Geographical segments

The Manufacturing and Trading, and the Construction and Fabrication segments are managed mainly in two principal geographical areas, Malaysia (country of domicile) and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS

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24. OPERATING SEGMENTS (cont'd)

Geographical segments (cont'd)

	Revenue RM'000	Non- current assets RM'000
Geographical information		
2016		
Malaysia	254,431	89,574
Hong Kong	99,366	506
Other countries	17,233	-
	371,030	90,080
2015		
Malaysia	313,359	94,779
Hong Kong	99,195	351
Other countries	21,739	-
	434,293	95,130

Major customers

The Group does not have any customer contributing to equal or more than 10% of the Group's total revenue for the current and previous financial years.

25. CAPITAL COMMITMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditure commitments				
Plant and equipment				
Contracted but not provided for	14,400	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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26. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Guarantees given to contract customers	17,017	17,337	-	-
Guarantees given to financial institutions for facilities granted to subsidiaries	-	-	104,654	104,751

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount	L&R/ (FL)
	RM'000	RM'000
Group		
2016		
Financial assets		
Trade and other receivables	182,461	182,461
Cash and cash equivalents	42,238	42,238
	224,699	224,699
Financial liabilities		
Loans and borrowings	(96,759)	(96,759)
Trade and other payables	(101,603)	(101,603)
	(198,362)	(198,362)
2015		
Financial assets		
Trade and other receivables	163,358	163,358
Cash and cash equivalents	40,864	40,864
	204,222	204,222
Financial liabilities		
Loans and borrowings	(100,596)	(100,596)
Trade and other payables	(92,830)	(92,830)
	(193,426)	(193,426)

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL INSTRUMENTS (cont'd)

27.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R/ (FL) RM'000
Company		
2016		
Financial assets		
Trade and other receivables	5,212	5,212
Cash and cash equivalents	229	229
	5,441	5,441
Financial liabilities		
Trade and other payables	(3,612)	(3,612)
2015		
Financial assets		
Trade and other receivables	5,971	5,971
Cash and cash equivalents	151	151
	6,122	6,122
Financial liabilities		
Trade and other payables	(999)	(999)

27.2 Net gain and losses arising from financial instruments

	Group	
	2016 RM'000	2015 RM'000
Net gain and losses on:		
Loans and receivables	(290)	5,414
Financial liabilities measured at amortised cost	4,264	5,428
	3,974	10,842

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL INSTRUMENTS (cont'd)

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, financial guarantees given to contract customers and amount due from associate. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2016	2015
	RM'000	RM'000
Domestic	65,568	78,827
Asia	45,905	17,623
Others	627	1,403
	112,100	97,853

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL INSTRUMENTS (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due	72,194	-	72,194
Past due 1 - 30 days	30,904	-	30,904
Past due 31 - 180 days	5,743	-	5,743
Past due more than 180 days	7,877	(4,618)	3,259
	116,718	(4,618)	112,100
2015			
Not past due	42,661	-	42,661
Past due 1 - 30 days	14,238	-	14,238
Past due 31 - 180 days	32,024	-	32,024
Past due more than 180 days	13,707	(4,777)	8,930
	102,630	(4,777)	97,853

No allowance for impairment losses has been made for the remaining past due receivables as the Group monitors the results and repayments of these customers regularly and is confident of the ability of the customers to repay the balances owing.

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	4,777	4,707
Impairment loss recognised	325	485
Impairment loss reversed	(478)	(440)
Effect of movements in exchange rates	(6)	25
At 31 December	4,618	4,777

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL INSTRUMENTS (cont'd)

27.4 Credit risk (cont'd)

Other financial assets

Risk management objectives, policies and processes for managing the risk

The Group is exposed to counterparty credit risk from financial institutions through fund placement activities. These exposures are managed in accordance with the existing guidelines and procedures that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating additional returns above appropriate benchmarks within allowable risk parameters. Fund placements are only made with reputable licensed financial institutions with high creditworthiness.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to contract customers in respect of construction contracts granted to the Group while the Company provides unsecured financial guarantees to financial institutions for facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and of the Company amounts to RM17,017,000 (2015:RM17,337,000) and RM104,654,000 (2015: RM104,751,000) respectively, representing the outstanding financial guarantees as at the end of the reporting period.

As at the end of the reporting period, there was no indication any contract customer or any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Group provides credit terms to affiliated companies and associate. The Company provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the inter-company balances are not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

27.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings while the Company's exposure arises from its various payables (which are predominantly its subsidiaries).

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
2016	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	101,603	-	101,603	101,603	-	-	-
Bank loans	9,274	*	10,154	4,285	4,073	1,796	-
Bankers' acceptances, trust receipts, and revolving credits	83,235	2.55% - 6.22%	83,235	83,235	-	-	-
Bank overdrafts	1,022	3.82% - 7.80%	1,022	1,022	-	-	-
Finance lease liabilities	3,228	1.98% - 4.08%	3,491	1,453	983	1,055	-
Financial guarantees	-	-	17,017	17,017	-	-	-
	198,362		216,522	208,615	5,056	2,851	-
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	3,612	-	3,612	3,612	-	-	-
Financial guarantees	-	-	104,654	104,654	-	-	-
	3,612		108,266	108,266	-	-	-

* Loan 1 is subject to a fixed interest rate of 7.25% per annum while Loan 2, Loan 3 and Loan 4 are subject to a floating interest rate of 0.25% per annum above the bank's base lending rate.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

27.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

2015	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	92,830	-	92,830	92,830	-	-	-
Bank loans	12,764	*	14,455	4,285	4,285	5,721	164
Bankers' acceptances, trust receipts, and revolving credits	83,433	2.28% - 6.02%	83,433	83,433	-	-	-
Bank overdrafts	247	7.60% - 8.35%	247	247	-	-	-
Finance lease liabilities	4,152	2.39% - 4.08%	4,493	2,164	995	1,286	48
Financial guarantees	-	-	17,337	17,337	-	-	-
	193,426		212,795	200,296	5,280	7,007	212
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	999	-	999	999	-	-	-
Financial guarantees	-	-	104,751	104,751	-	-	-
	999		105,750	105,750	-	-	-

* *Loan 1 was subjected to a fixed interest rate of 7.25% per annum while Loan 2, Loan 3 and Loan 4 were subjected to a floating interest rate of 0.25% per annum above the bank's base lending rate.*

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

27.6.1 Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Great Britain Pound ("GBP"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), Qatari Rial ("QAR") and UAE Dirham ("AED").

Risk management objectives, policies and processes for managing the risk

The Group actively monitors its exposure to foreign currency risk. The Group does not hedge this risk but keeps the policy under review.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk (cont'd)

27.6.1 Foreign currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	<i>Denominated in</i>					
	USD RM'000	GBP RM'000	AUD RM'000	SGD RM'000	QAR RM'000	AED RM'000
2016						
Balances recognised in the statement of financial position						
Trade and other receivables	912	344	1,936	386	440	954
Trade and other payables	(605)	-	-	(31)	-	-
Cash and cash equivalents	1,324	3	8	2,344	-	434
Net exposure	1,631	347	1,944	2,699	440	1,388
2015						
Balances recognised in the statement of financial position						
Trade and other receivables	1,087	1,013	2,352	521	679	682
Trade and other payables	(3,968)	-	-	(14)	-	-
Cash and cash equivalents	2,893	1	1	544	-	401
Net exposure	12	1,014	2,353	1,051	679	1,083

Currency risk sensitivity analysis

A 10% (2015: 10%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2016 RM'000	2015 RM'000
USD	124	1
GBP	26	76
AUD	148	176
SGD	205	79
QAR	33	51
AED	105	81

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk (cont'd)

27.6.1 Foreign currency risk (cont'd)

Currency risk sensitivity analysis (cont'd)

A 10% (2015: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its debt obligations but keeps the policy under review.

Exposure to interest rate risk

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

	Group	
	2016	2015
	RM'000	RM'000
Fixed rate instruments		
Financial assets	-	219
Financial liabilities	(87,555)	(88,869)
	(87,555)	(88,650)
Floating rate instruments		
Financial liabilities	(9,204)	(11,727)
	(9,204)	(11,727)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

27.6 Market risk (cont'd)

27.6.2 Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

Group	Profit or loss		Profit or loss	
	30 bp increase	30 bp decrease	30 bp increase	30 bp decrease
	2016	2016	2015	2015
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments	(21)	21	(26)	26

27.6.3 Other price risk

Other price risk arises from price fluctuation risk mainly on aluminium related products. The Group mitigates its risk to the price volatility through establishing a fixed price level that the Group considers acceptable and where deemed prudent, entering into commodity fixed price contracts.

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position:

Group	2016		2015	
	Carrying amount	Fair value Level 3	Carrying amount	Fair value Level 3
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Bank loans - secured	9,274	8,983	12,764	12,454
Finance lease liabilities	3,228	3,219	4,152	4,078

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

27.7 Fair value information (cont'd)

Non-derivative financial liabilities (cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique in the determination of fair values within Level 3. The Group Finance Controller has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2016 and 31 December 2015 were as follows:

	Note	Group	
		2016 RM'000	2015 RM'000
Total loans and borrowings	12	96,759	100,596
Less: Cash and cash equivalents	10	(42,238)	(40,864)
Net debt		54,521	59,732
Total equity		153,696	144,312
Debt-to-equity ratio		0.4	0.4

There was no change in the Group's approach to capital management during the financial year.

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries, affiliated companies, associate and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

29. RELATED PARTIES (cont'd)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 14.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
A. Affiliated companies				
Sale of goods	(25,521)	(21,236)	-	-
Purchase of goods	151,399	160,620	-	-
Rental income on properties	(8)	(10)	-	-
B. Subsidiaries				
Dividend income	-	-	(3,550)	(3,450)
Management fee income	-	-	(430)	(430)
C. Key management personnel				
<i>Directors</i>				
- Fees	95	90	95	90
- Remuneration	1,314	1,239	230	226
- Other short-term employee benefits	372	313	83	53
Total short-term employee benefits	1,781	1,642	408	369
<i>Other key management personnel</i>				
Short-term employee benefits	1,794	2,010	-	-
	3,575	3,652	408	369

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

30. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	140,694	133,318	139	436
- unrealised	(6,555)	(6,991)	-	-
	134,139	126,327	139	436
Total share of accumulated losses of associate				
- realised	(100)	(100)	-	-
	134,039	126,227	139	436
Less: Consolidation adjustments	(32,604)	(32,408)	-	-
Total retained earnings	101,435	93,819	139	436

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 54 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 109 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Koon Poh Ming

Director

Koon Poh Weng

Director

Petaling Jaya, Selangor

Date: 20 April 2017

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Wan Shuw Yee**, the officer primarily responsible for the financial management of PMB Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 to 109 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.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 20 April 2017.

Wan Shuw Yee

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the Members of PMB Technology Berhad
(Company No. 584257-X)(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PMB Technology Berhad, which comprise the statements of financial position as at 31 December 2016 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 year then ended, and notes to the financial statements of the Group and of the Company, including a summary of significant accounting policies, as set out on pages 54 to 108.

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 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 auditors' 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' *Code of Ethics for Professional Accountants* ("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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Revenue recognition on construction contracts

Refer to Note 2(o)(ii) and 15 to the financial statements.

The key audit matter

The Group's revenue for the year ended 31 December 2016 is significantly influenced by the results of large construction projects. Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement, with estimates being made to assess the total contract costs, stage of completion of the contract and adequately provide for loss making contract. Changes of these estimates could lead to different profit and revenue being reported in the financial statements.

How the matter was addressed in our audit

Our audit procedures included, among others, reading the key contracts and discussed each with management to obtain a full understanding of the terms and risks of the contracts. We evaluated the controls of the Group over the accuracy and timing of revenue recognised in the financial statements including the estimation of contract cost to complete and calculation of the stage of completion.

We assessed the appropriateness of assumptions used in determining the budgeted costs of the projects based on historical performance of the Group and industry knowledge and agreed the contract costs to supporting documentation and recalculated the percentage of completion of the contract. We tested the contract revenue through the inspection of contracts, variation orders and claims. We also considered if provision for liquidated damages and foreseeable losses is required.

INDEPENDENT AUDITORS' REPORT

To the Members of PMB Technology Berhad
(Company No. 584257-X)(Incorporated in Malaysia)
cont'd

Key Audit Matters (cont'd)

(ii) Recoverability of trade receivables

Refer to Note 9 to the financial statements.

The key audit matter

The Group has significant trade receivables balance as at 31 December 2016 of RM112,100,000. Trade receivables include amounts due from customers within the construction industry. As the construction industry faces a number of challenges including but not limited to instabilities of supplies and prices of construction materials and components, there is a risk over the recoverability of these balances.

How the matter was addressed in our audit

Our audit procedures included, among others, evaluating the controls of the Group over monitoring of debts. We tested the accuracy of trade receivables ageing and assessed the adequacy of the impairment loss on trade receivables by considering the ageing analysis, past payments trend and payments subsequent to year end. We also checked the historical accuracy of impairment loss on trade receivables made in prior year against the level of bad debt written off during the year.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF 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 so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 ability of the Group and of the Company 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.

INDEPENDENT AUDITORS' REPORT

To the Members of PMB Technology Berhad

(Company No. 584257-X)(Incorporated in Malaysia)

cont'd

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 conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 gives a true and fair view.
- 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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' 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 PMB Technology Berhad

(Company No. 584257-X)(Incorporated in Malaysia)

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 6 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 30 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

Ong Beng Seng

Approval Number: 2981/05/18(J)

Chartered Accountant

Petaling Jaya, Malaysia

Date: 20 April 2017

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2017

Issued Shares : 80,000,000 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
Less than 100	6	0.66	190	negligible
100 to 1,000	264	29.01	230,210	0.30
1,001 to 10,000	409	44.94	2,059,900	2.66
10,001 to 100,000	184	20.22	6,415,300	8.28
100,001 to less than 5% of issued shares	44	4.84	35,594,839	45.94
5% and above of issued shares	3	0.33	33,179,361	42.82
Total	910	100.00	77,479,800 *	100.00

* Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 3 April 2017.

DIRECTORS' SHAREHOLDINGS

As at 3 April 2017

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital #	No. of Shares Held	% of Issued Capital #
Dato' Koon Poh Keong	1,089,700	1.41	21,475,958 ⁽¹⁾	27.72
Koon Poh Ming	30,000	0.04	41,679,361 ⁽²⁾	53.79
Dato' Koon Poh Tat	3,455,000	4.46	6,797,288 ⁽³⁾	8.77
Koon Poh Weng	0	0.00	6,797,288 ⁽³⁾	8.77
Ernest Bong Miau Fatt	48,000	0.06	0	0.00
Loo Lean Hock	0	0.00	0	0.00
David Tan Hung Hoe	0	0.00	0	0.00
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00

Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares.

- (1) Deemed interested in shares held by Alpha Milestone Sdn Bhd in Press Metal Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
- (2) Deemed interested in shares held by Alpha Milestone Sdn Bhd in Press Metal Berhad, which in turn hold shares in the Company and by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his spouse, Ong Soo Fan and his children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.
- (3) Deemed interested by virtue of their interest in Weng Fatt Stainless Steel Sdn Bhd.

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders as at 3 April 2017

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital #	No. of Shares Held	% of Issued Capital #
Press Metal Berhad	21,475,958	27.72	0	0.00
Weng Fatt Stainless Steel Sdn Bhd	6,797,288	8.77	0	0.00
Alpha Milestone Sdn Bhd	0	0.00	21,475,958 ⁽¹⁾	27.72
Dato' Koon Poh Keong	1,089,700	1.41	21,475,958 ⁽²⁾	27.72
Koon Poh Ming	30,000	0.04	41,679,361 ⁽³⁾	53.79
Dato' Koon Poh Tat	3,455,000	4.46	6,797,288 ⁽⁴⁾	8.77
Koon Poh Weng	0	0.00	6,797,288 ⁽⁴⁾	8.77
Estate of Kuan Poh Fatt	0	0.00	6,797,288 ⁽⁴⁾	8.77
Koon Poh Kong	0	0.00	6,797,288 ⁽⁴⁾	8.77
Ong Soo Fan	5,906,115	7.62	14,327,288 ⁽⁵⁾	18.49

Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares.

- (1) Deemed interested in shares held by Press Metal Berhad in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
- (2) Deemed interested in shares held by Alpha Milestone Sdn Bhd in Press Metal Berhad, which in turn hold shares in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
- (3) Deemed interested in shares held by Alpha Milestone Sdn Bhd in Press Metal Berhad, which in turn hold shares in the Company and by virtue of his interest in Weng Fatt Stainless Steel Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act 2016 and shares held by his spouse, Ong Soo Fan and his children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim.
- (4) Deemed interested by virtue of their interest in Weng Fatt Stainless Steel Sdn Bhd.
- (5) Deemed interested in the shares held by her spouse, Koon Poh Ming and her children, Joyce Koon Hui Ginn, Koon Hui Ling (Carolyn), Lydia Koon Hui Li, Leslie Koon Tzer Peng and John Koon Tzer Lim and by virtue of her spouse's interest in Weng Fatt Stainless Steel Sdn Bhd

THIRTY LARGEST SHAREHOLDERS

As at 3 April 2017

	Name of Shareholders	No. of Shares	% of Issued Capital #
1	Press Metal Berhad	21,475,958	27.72
2	Weng Fatt Stainless Steel Sdn Bhd	6,797,288	8.77
3	Ong Soo Fan	4,906,115	6.33
4	Casatech Sdn Bhd	3,510,200	4.53
5	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Tat</i>	3,455,000	4.46
6	Ong Sow Mei	3,147,700	4.06
7	Ong Sow Yong	2,798,288	3.61
8	Ong Shaw Huat	2,404,000	3.10
9	John Koon Tzer Lim	1,500,000	1.94
10	Joyce Koon Hui Ginn	1,500,000	1.94
11	Koon Hui Ling (Carolyn)	1,500,000	1.94
12	Leslie Koon Tzer Peng	1,500,000	1.94
13	Lydia Koon Hui Li	1,500,000	1.94
14	Cyberwall Limited	1,322,651	1.71
15	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Koon Poh Keong (472783)</i>	1,000,000	1.29
16	Ong Soo Fan	1,000,000	1.29
17	CIMB Group Nominees (Asing) Sdn Bhd <i>Exempt an for DBS Bank Ltd (SFS)</i>	979,400	1.26
18	Chan Yat Wai	868,000	1.12
19	Chan Poh Leng	769,300	0.99
20	Loh Kwi Yong	754,300	0.97
21	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chan Khim Gee @ Chang Khim Gee</i>	495,000	0.64
22	Everpress Aluminium Industries Sdn Bhd	414,900	0.53
23	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Leong Kok Peng (M86003)</i>	412,000	0.53
24	Law Ah Leong	409,000	0.53
25	Lim Boon Kuan	394,600	0.51
26	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Kui</i>	269,300	0.35
27	United Panels Sdn Bhd	267,800	0.34
28	Low Hing Noi	260,000	0.34
29	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Chin Ser (8095381)</i>	250,100	0.32
30	Tan Kar Pin	247,700	0.32
	Total	66,108,600	85.32

Excluding a total of 2,520,200 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 3 April 2017

LIST OF PROPERTIES

Held by the Group as at 31 December 2016

Proprietor	Location	Description/ Age (Year) / Acquisition Date	Existing Use	Tenure	Area sq. ft.	Net Book Value as at 31.12.2016 RM'000
Everlast Aluminium (M) Sdn Bhd	Lot 1797, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Freehold land and building 22 years 12/07/1994	Factory cum office	Freehold	83,036	6,060
Everlast Aluminium (M) Sdn Bhd	Lot 1798, Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 20 years 29/03/1996	Factory cum office	Leasehold for 49 years expiring 02/09/2065	77,591	4,146
PMB Facade Technology Sdn Bhd	Lot 1804, Mukim of Cheras Daerah Hulu Langat Selangor Darul Ehsan	Freehold Land and Building 11 years 16/12/2005	Factory cum office	Freehold	89,821	4,943
PMB Facade Technology Sdn Bhd	Unit No. 16-11, Avenue Crest Lot 81129, Mukim Damansara Daerah Petaling, Selangor Darul Ehsan	Freehold Land and Building 3 year 3/12/2014	Tenanted	Freehold	883	375
PMB Facade Technology Sdn Bhd	Unit No. 12-11, Avenue Crest Lot 81129, Mukim Damansara Daerah Petaling, Selangor Darul Ehsan	Freehold Land and Building 3 year 3/12/2014	Tenanted	Freehold	883	354
PMB Northern Sdn Bhd	HS (D) 77/92, PT 18852 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Leasehold Land and Building 26 years 22/08/2005	Warehouse	Leasehold for 34 years expiring 31/10/2050	19,776	957
PMB Eastern Sdn Bhd	Lot 50356, Mukim Kuala Kuantan Daerah Kuantan Negeri Pahang	Leasehold Land and Building 38 years 13/07/2012	Warehouse	Leasehold for 29 years expiring 13/04/2045	28,514	1,567
PMB Carbon Sdn Bhd	Lot 6, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 8 years 26/09/2008	Vacant	Leasehold for 81 years expiring 30/03/2097	609,838	4,758
PMB Carbon Sdn Bhd	Lot 7, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 8 years 26/09/2008	Vacant	Leasehold for 81 years expiring 30/03/2097	1,219,680	10,053
PMB Carbon Sdn Bhd	Lot 8, Section 1, HS(D) 70913, P.T. No. 90870 Mukim of Klang District of Klang Selangor Darul Ehsan	Leasehold land 5 years 18/01/2012	Vacant	Leasehold for 81 years expiring 30/03/2097	1,503,348	11,572

GROUP DIRECTORY

PMB TECHNOLOGY BERHAD

(Company No. 584257-X)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5205
Fax : 603-8961 1904
Website URL : www.pmbtechnology.com
Email : enquiry@pmbtechnology.com

EVERLAST ALUMINIUM (M) SDN. BHD.

(Company No. 170443-T)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213
Website URL : www.everlas.com
Email : everlas@everlas.com

EVERLAST ACCESS TECHNOLOGIES SDN. BHD.

(Company No. 491803-H)

Malaysia

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

United Arab Emirates

WT01/ FA06, Jebel Ali Free Zone Dubai,
United Arab Emirates.
Tel : 971-4-881 6886
Fax : 971-4-887 3889

PMB CENTRAL SDN. BHD.

(Company No. 446486-M)

Central I

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 1088
Fax : 603-8961 9137
Email : pmbc@streamyx.com

Central II

Lot 439, Kampung Satu, Off 3rd Miles,
Jalan Sungai Besi,
57100 Kuala Lumpur, Malaysia.
Tel : 603-9221 8388
Fax : 603-9221 2688

PMB EASTERN SDN. BHD.

(Company No. 439685-T)

Block B, Lot 86, Jalan Industri Semambu 7,
Semambu Industrial Estate,
25350 Kuantan, Pahang, Malaysia.
Tel : 609-566 3923
Fax : 609-566 2471

PMB NORTHERN SDN. BHD.

(Company No. 460005-X)

Lot 10-08, Jalan PKNK2,
Kaw. Perindustrian Sungai Petani,
08000 Sg. Petani,
Kedah Darul Aman, Malaysia.
Tel : 604-442 4148/49
Fax : 604-442 4150
Email : pmbn@streamyx.com

PMB ALUMINIUM SABAH SDN. BHD.

(Company No.772936-H)

Lot No. 2 (DBKK No. 2A), Neutron Park,
Lorong Neutron 1, Kolombong Industrial Estate,
Kolombong 88450 Kota Kinabalu, Sabah.
Tel : 6088-430 248
Fax : 6088-438 248
Email : pmbSabah@streamyx.com

PMB QUICK ACCESS SDN. BHD.

(Company No. 516692-V)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 8357
Website URL : www.qaccess-scaffold.com
Email : marketing@qaccess-scaffold.com

PMB FACADE TECHNOLOGY SDN. BHD.

(Company No. 291486-H)

KAI PMB FACADE TECHNOLOGY LTD.

(Company No. C41554(913)/2000)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5205/8355
Fax : 603-8961 1904/8357
Website URL : www.pmbfacade.com
Email : pmbfacade@pmbfacade.com

PMB-CYBERWALL LTD.

(Company No. 704047)

PMB FACADE TECHNOLOGY (H.K.) LTD.

(Company No. 675899)

18/F, Chinaweal Centre,
414 - 424, Jaffe Road,
Wanchai, Hong Kong.
Tel : 852-2397 6008
Fax : 852-2397 6206
Email : info@pmbc.com.hk

PMB SILICON SDN. BHD.

(Company No. 1181986-X)

PMB CARBON SDN. BHD.

(Company No. 817599-X)

PMB.POIC BULKING SDN. BHD.

(Company No. 777915-W)

SUN POWER GENERATION SDN. BHD.

(Company No. 953951-D)

SOLAR POWER GENERATION (SABAH) SDN. BHD.

(Company No. 958826-D)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 8355
Fax : 603-8961 1904

EVERLAST ENVIRONMENTAL MANAGEMENT SDN. BHD.

(Company No. 207793-P)

Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia.
Tel : 603-8961 5223
Fax : 603-8961 5213

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PROXY FORM

PMB TECHNOLOGY BERHAD

(Company No. 584257-X)
(Incorporated in Malaysia)

CDS account number of holder

I/We, _____ (name of shareholder as per NRIC / Passport, in capital letters) NRIC No./ID No./Company No. _____ (new) _____ (old) of _____ (full address) being a member of PMB TECHNOLOGY BERHAD, hereby appoint _____ (name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old) of _____ (full address) or failing him/her _____ (name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old) of _____ (full address) or failing him/her, the

*Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Room Tunku Abdul Rahman, Commonwealth House, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur on Wednesday, 7 June 2017 at 10.30 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

RESOLUTIONS		FOR	AGAINST
1. Approval of Directors' Fees	Ordinary Resolution 1		
2. Approval of Directors' Fees and benefits payable to the Directors up to an aggregate amount of RM140,000 for the financial year ending 31 December 2017	Ordinary Resolution 2		
3. Re-election of Loo Lean Hock as Director	Ordinary Resolution 3		
4. Re-election of Dato' Koon Poh Tat as Director	Ordinary Resolution 4		
5. Re-election of Ernest Bong Miao Fatt as Director	Ordinary Resolution 5		
6. Re-election of Noor Alina Binti Mohamad Faiz as Director	Ordinary Resolution 6		
7. Re-appointment of KPMG PLT as Auditors of the Company	Ordinary Resolution 7		
8. Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	Ordinary Resolution 8		
9. Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director	Ordinary Resolution 9		
10. Authority for Ernest Bong Miao Fatt to continue in office as Independent Non-Executive Director	Ordinary Resolution 10		
11. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 11		
12. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares	Ordinary Resolution 12		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature/Common Seal _____
Number of shares held : _____
Date : _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Share Registrar
PMB TECHNOLOGY BERHAD (584257-X)

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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NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the Fifteenth Annual General Meeting of the Company shall be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 April 2017.

PMB TECHNOLOGY BERHAD (584257-X)

Lot 1797 Jalan Balakong,
Bukit Belimbing,
43300 Seri Kembangan,
Selangor Darul Ehsan.