



PRESTAR RESOURCES BERHAD

198401010527 (123066-A)



ANNUAL REPORT
LAPORAN TAHUNAN
2021



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh Annual General Meeting (“**37th AGM**” or “**Meeting**”) of Prestar Resources Berhad (“**Company**”) will be held on a virtual basis via Remote Participation and Voting Facilities at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 15 June 2022 at 10:00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of a single-tier final dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2021. *(Resolution 1)*
3. To approve the payment of Directors’ fees amounting to RM350,000.00 for the financial year ended 31 December 2021. *(Resolution 2)*
4. To approve an amount of up to RM30,000.00 as benefits payable to the Non-Executive Directors from 16 June 2022 to the next Annual General Meeting of the Company to be held in 2023. *(Resolution 3)*
5. To re-elect the following Directors who retire pursuant to Clause 118 of the Company’s Constitution, and being eligible, have offered themselves for re-election:
 - (a) Dato’ Lim Cheang Nyok; and *(Resolution 4)*
 - (b) Mr. Toh Yew Chin. *(Resolution 5)*
6. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. *(Resolution 6)*
7. As Special Businesses:

To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as ordinary resolutions:

- (a) **ORDINARY RESOLUTION NO. 1** *(Resolution 7)*
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

“**THAT** subject to the Companies Act 2016 (“**the Act**”), the Constitution of the Company and approvals of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Malaysia Securities pursuant to the extension of the implementation period of the enhanced general mandate announced by Bursa Malaysia Berhad on 23 December 2021 and thereafter, ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of Bursa Malaysia Securities Main Market Listing Requirements to be utilised before the conclusion of the next Annual General Meeting of the Company and the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(b) **ORDINARY RESOLUTION NO. 2**

(Resolution 8)

- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Companies Act 2016 (**"the Act"**), provisions of the Company's Constitution, Bursa Malaysia Securities Berhad (**"Bursa Malaysia Securities"**) Main Market Listing Requirements and any other relevant authorities, approval be and is hereby given for the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interests of the Company (**"Share Buy-Back Mandate"**) provided that:

- (i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company for the time being;
- (ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own ordinary shares shall not exceed the Company's retained profits at the time of purchase(s);
- (iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:
 - (a) 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 the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,whichever is the earlier;
- (iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities and/or cancelled and/or transfer for the purposes of or under an employees' share scheme and/or be dealt with by the Directors of the Company in the manners allowed by the Act;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to implement, finalise and give full effect to the aforesaid with full powers to assent to any condition, modification, variation and/or amendment, if any, as may be imposed by the relevant authorities and to do all such acts and things as the Directors of the Company may deem fit and expedient in the interests of the Company."



NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(c) ORDINARY RESOLUTION NO. 3

(Resolution 9)

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** subject to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company's subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature ("**Recurrent Related Party Transactions**") with the related parties, as described in Part B, Section 2.3 of the circular to shareholders dated 28 April 2022 subject further to the following:

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until:
 - (a) the conclusion of the first Annual General Meeting ("**AGM**") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier,

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

(d) ORDINARY RESOLUTION NO. 4

(Resolution 10)

- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** Mr. Lou Swee You who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

(e) ORDINARY RESOLUTION NO. 5

(Resolution 11)

- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** Tuan Haji Fadzlullah Shuhaimi Bin Salleh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

(f) ORDINARY RESOLUTION NO. 6

(Resolution 12)

- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** subject to the passing of Resolution no. 4, Dato' Lim Cheang Nyok who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the single-tier final dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2021 will be payable on 25 August 2022 to depositors who are registered in the Record of Depositors at the close of business on 8 August 2022, if approved by members at the forthcoming 37th AGM of the Company on 15 June 2022.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into the depositor's securities account before 4:30 p.m. on 8 August 2022 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") on a cum entitlement basis according to the Rules of Bursa Malaysia Securities.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC No. 201908002648)
CHIN MUN YEE (MAICSA 7019243) (SSM PC No. 201908002785)
Secretaries

Kuala Lumpur
Dated: 28 April 2022

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2022 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers and its subsequent amendments, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders, proxies and/or corporate representatives shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders, proxies and/or corporate representatives may email their questions to eservices@sshb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders, proxies and/or corporate representatives will be broadcasted and responded by the Chairman/Board of Directors/relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting via email.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes: (cont'd)

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Company’s registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshbsb.net.my/>. The lodging of the proxy form will not preclude you from attending and voting at the Meeting should you subsequently wish to do so provided a notice of termination of authority to act as proxy is given to the Company and deposited at the Company’s registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. All resolutions set out in this Notice of Meeting are to be voted by poll.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshbsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting (“**Administrative Guide**”) for further details.

The Administrative Guide is available for download at:
www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp.

Explanatory Notes:

1. Resolutions 4 and 5 – Re-election of Directors

Pursuant to Clause 118 of the Company’s Constitution, Dato’ Lim Cheang Nyok, Mr. Toh Yew Chin and Encik Md. Nahar bin Noordin are due to retire at the forthcoming 37th AGM of the Company. Dato’ Lim Cheang Nyok and Mr. Toh Yew Chin have indicated their willingness to seek for re-election while Encik Md. Nahar bin Noordin has expressed his intention not to seek for re-election and hence, Encik Md. Nahar bin Noordin will hold office as a Director of the Company until the conclusion of the 37th AGM of the Company.

For the purpose of determining the eligibility of the Director to stand for re-election at the 37th AGM of the Company, the Board of Directors through its Nomination Committee had reviewed and assessed each of the retiring Directors from the annual assessment and evaluation of the Board of Directors for the financial year ended 31 December 2021. Based on the recommendation of the Nomination Committee, the Board of Directors is satisfied with the performance and contributions of the retiring Directors namely, Dato’ Lim Cheang Nyok and Mr. Toh Yew Chin, and supports the re-election based on the following considerations:

- (i) able to meet the Board of Directors’ expectations in terms of character, experience, integrity, competency and time commitment in discharging their roles as Directors of the Company;
- (ii) exercised due care and carried out professional duties proficiently; and
- (iii) level of independence demonstrated by the Independent Non-Executive Director, where relevant.

2. Resolution 7 - Authority to Issue Shares pursuant to the Companies Act 2016 (“the Act”)

The proposed adoption of the Ordinary Resolution no. 1 is for the purpose of granting a renewed general mandate on the authority to issue shares pursuant to the Act (“**Renewed Mandate**”).

The Company had been granted a general mandate on the authority to issue shares pursuant to the Act by its shareholders at the Thirty-Sixth Annual General Meeting of the Company held on 21 July 2021 (“**Previous Mandate**”).

As at the date of the Notice of the Meeting, the Company had issued 19,403,200 new ordinary shares at RM1.00 per ordinary share, representing approximately ten per centum (10%) of the total number of issued shares of the Company pursuant to the Previous Mandate (“**Private Placement**”). Details of the total proceeds raised from the Private Placement and the utilisation of the proceeds are disclosed under Additional Compliance Information section of the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

2. Resolution 7 - Authority to Issue Shares pursuant to the Companies Act 2016 ("the Act") (cont'd)

As part of Bursa Malaysia Securities' continuous support and assistance to listed corporations in these trying and challenging times amid the COVID-19 pandemic, Bursa Malaysia Securities had via its letter dated 23 December 2021 resolved to extend the implementation period of the increased twenty per centum (20%) general mandate to allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of Bursa Malaysia Securities Main Market Listing Requirements of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for new issue of securities by way of private placement ("**20% General Mandate**") until 31 December 2022 and thereafter, the ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of Bursa Malaysia Securities Main Market Listing Requirements shall apply ("**10% General Mandate**"), provided that such listed issuer has not utilised the 20% General Mandate approved by the shareholders at a general meeting in 2021 to issue new securities on or before 31 December 2021 or has not sought shareholders' approval for the 20% General Mandate at a general meeting in 2021.

The 20% General Mandate and 10% General Mandate are sought to provide flexibility to the Company for allotment of shares without convening a general meeting, which may be both time and cost-consuming, if the need arises.

The Board of Directors, having considered the current and prospective financial position, and future financial needs of the Company and its subsidiaries ("**the Group**"), is of the opinion that the increase in Renewed Mandate limit for new issue of shares of up to twenty per centum (20%) is in the best interest of the Company and its shareholders. These 20% General Mandate and 10% General Mandate would provide the Company with additional fundraising flexibility to undertake fundraising activities in an expeditious and efficient manner. The funds raised may be used for the purpose of funding investment(s), working capital and/or acquisitions(s).

3. Resolution 8 - Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of the Ordinary Resolution no. 2 is to renew the authority granted by the shareholders of the Company at the Thirty-Sixth Annual General Meeting of the Company held on 21 July 2021. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Main Market Listing Requirements.

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

The proposed adoption of the Ordinary Resolution no. 3 is to renew the shareholders' mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Thirty-Sixth Annual General Meeting of the Company held on 21 July 2021 ("**Renewal of Shareholders' Mandate**"). The Renewal of Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions which are necessary for the Group's day-to-day operations, subject to the transactions being 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.

5. Resolutions 10, 11 and 12 - Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance

(a) Mr. Lou Swee You ("**Mr. Lou**") (Ordinary Resolution no. 4)

Mr. Lou was appointed to the Board of Directors on 9 May 2008 as an Independent Non-Executive Director of the Company and therefore, has served for more than twelve (12) years.

The Ordinary Resolution no. 4, if passed, will allow Mr. Lou to continue to act as an Independent Non-Executive Director of the Company until 31 May 2023, and may continue to serve on the Board of Directors subject to re-designation as a Non-Independent Non-Executive Director.

The Nomination Committee has assessed the independence of Mr. Lou as an Independent Non-Executive Director of the Company and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee's recommendation and is of the view that his retention as an Independent Non-Executive Director of the Company is in the best interest of the Company.



NOTICE OF ANNUAL GENERAL MEETING (cont'd)

5. Resolutions 10, 11 and 12 - Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance (cont'd)

(b) Tuan Haji Fadzlullah Shuhaimi Bin Salleh ("**Tuan Haji Fadzlullah Shuhaimi**") (Ordinary Resolution no. 5)

Tuan Haji Fadzlullah Shuhaimi was appointed to the Board of Directors on 18 March 1995 as an Independent Non-Executive Director of the Company and therefore, has served for more than twelve (12) years.

The Ordinary Resolution no. 5, if passed, will allow Tuan Haji Fadzlullah Shuhaimi to continue to act as an Independent Non-Executive Director of the Company until 31 May 2023, and may continue to serve on the Board of Directors subject to re-designation as a Non-Independent Non-Executive Director.

The Nomination Committee has assessed the independence of Tuan Haji Fadzlullah Shuhaimi as an Independent Non-Executive Director of the Company and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee's recommendation and is of the view that his retention as an Independent Non-Executive Director of the Company is in the best interest of the Company.

(c) Dato' Lim Cheang Nyok ("**Dato' Lim**") (Ordinary Resolution no. 6)

Dato' Lim was appointed to the Board of Directors on 28 March 2002 as an Independent Non-Executive Director of the Company and therefore, has served for more than twelve (12) years.

The Ordinary Resolution no. 6, if passed, will allow Dato' Lim to continue to act as an Independent Non-Executive Director of the Company until 31 May 2023, and may continue to serve on the Board of Directors subject to re-designation as a Non-Independent Non-Executive Director.

The Nomination Committee has assessed the independence of Dato' Lim as an Independent Non-Executive Director of the Company and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee's recommendation and is of the view that his retention as an Independent Non-Executive Director of the Company is in the best interest of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate are set out in the Statement and Circular to Shareholders of the Company, respectively which are made available on the Company's corporate website at www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shamsudin @ Samad Bin Kassim
Independent Non-Executive Chairman

Dato' Toh Yew Peng
Group Managing Director

Toh Yew Seng
Group Executive Director

Toh Yew Kar
Group Executive Director

Toh Yew Chin
Executive Director

Kenny Toh Jin Tat
Executive Director

Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Independent Non-Executive Director

Md. Nahar Bin Noordin
Independent Non-Executive Director

Dato' Lim Cheang Nyok
Independent Non-Executive Director

Lou Swee You
Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
(SSM PC No. 201908002648)
Chin Mun Yee
(MAICSA 7019243)
(SSM PC No. 201908002785)

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940/
03-2095 0292

WEBSITE & E-MAIL

Website : www.prestar.com.my
E-mail : info@prestar.com.my

REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940/
03-2095 0292

AUDITORS

BDO PLT
LLP0018825-LCA and AF 0206
Chartered Accountants
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur,
Wilayah Persekutuan
Tel. No. : 03-2616 2888
Fax No. : 03-2616 3190

PRINCIPAL BANKERS

Affin Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Lim & Yeoh
MahWengKwai & Associates
SKRINE

STOCK EXCHANGE LISTING

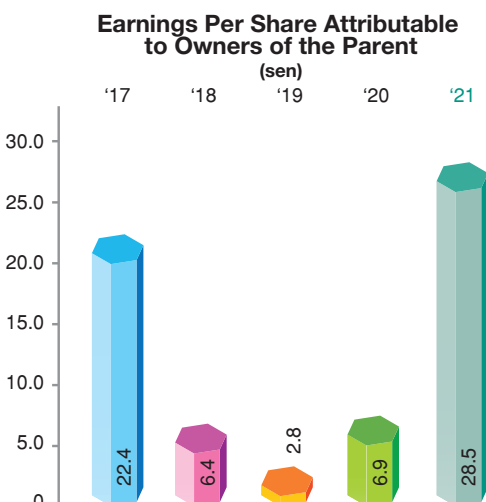
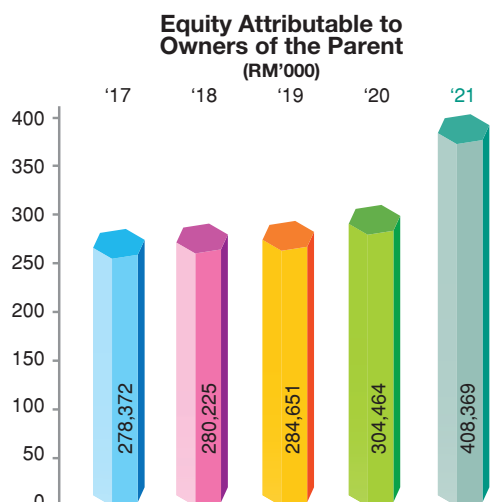
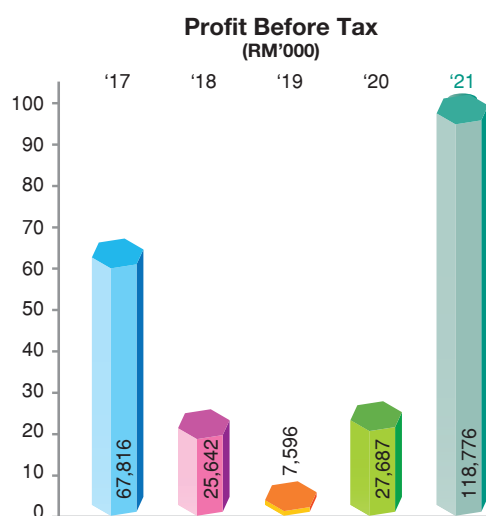
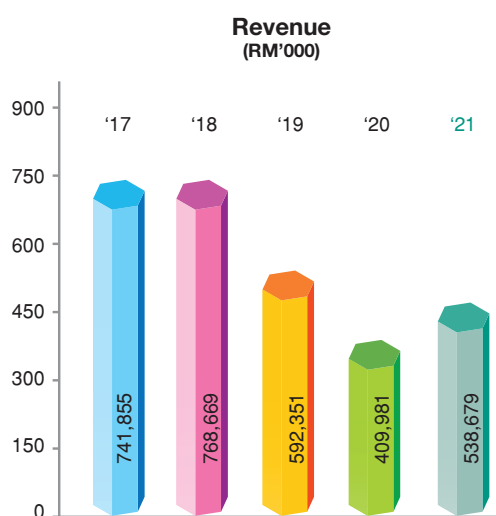
Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 9873





GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2017	2018	2019	2020	2021
Revenue					
Continuing Operations	484,154	508,124	454,168	409,981	538,679
Disposal Group Operations	257,701	260,545	138,183	-	-
Profit before tax					
Continuing Operations	46,123	10,669	1,523	27,687	118,776
Disposal Group Operations	21,693	14,973	6,073	-	-
Profit attributable to owners of the parent					
Continuing Operations	35,041	6,886	3,314	22,238	95,196
Disposal Group Operations	8,085	5,724	2,215	-	-
Total Assets	697,093	653,843	517,921	509,288	772,630
Equity attributable to owners of the parent	278,372	280,225	284,651	304,464	408,369
EBITDA#	92,626	50,806	29,761	43,396	134,304
<i>#Earnings before interests, depreciation, tax and amortisation</i>					
Net assets per share *(RM)	1.41	1.43	1.46	1.57	1.19
Earnings per share *(Sen)	22.4	6.4	2.8	6.9 [^]	28.5
<i>* attributable to owners of the Company</i>					
<i>[^] Earnings per share, adjusted to reflect completion of Bonus Issue and Private Placement for comparative purpose.</i>					



CORPORATE STRUCTURE

STEEL PROCESSING

100%

Prestar Steel Pipes Sdn. Bhd. #
199601002850 (375196-W)

100%

Prestar Precision Tube Sdn. Bhd.
200401004690 (643193-X)

100%

Dai Dong Steel Sdn. Bhd.
199401002168 (287846-W)

34%

Tashin Holdings Berhad*
201701028709 (1242878-H)

30%

POSCO-MKPC Sdn. Bhd.
199601000479 (372824-A)

PRODUCT MANUFACTURING

100%

Prestar Manufacturing Sdn. Bhd.
198801002984 (170341-A)

100%

Prestar Storage System Sdn. Bhd.
200101002764 (538520-A)

100%

Prestar Marketing Sdn. Bhd.
198101010711 (76838-X)

100%

Prestar Galvanising Sdn. Bhd.
199401029444 (315125-T)

100%

Prestar Engineering Sdn. Bhd.
199401021499 (307178-A)

100%

PT Prestar MHE, Indonesia



Dormant

* Listed on the ACE market of Bursa Malaysia Securities Berhad
Stock Name : TASHIN
Stock Code : 0211



BOARD OF DIRECTORS' PROFILE

SHAMSUDIN @ SAMAD BIN KASSIM

Independent Non-Executive Chairman

Aged : 75, Male, Malaysian

Appointed to the Board on 1 September 2020

Member : Remuneration Committee and Nomination Committee

Encik Shamsudin @ Samad Bin Kassim (“Encik Samad”) holds a Bachelor of Economics from University of Malaya and a Master in Public and International Affairs (MPIA) from University of Pittsburg, United States of America (“USA”). He attended all four (4) Board meetings held in the financial year ended 31 December 2021.

Encik Samad started his career as an Assistant Secretary in Ministry of Works in 1970 and later as an Economist in the Highway Planning Unit in 1973. In 1974, he was appointed as Assistant Director of the Services Division in the Public Services Department. He left the Public Services Department in 1979 and took up the position of Senior Assistant Secretary in Ministry of International Trade and Industry (“MITI”). In 1989, he was posted to Vienna, Austria as the Trade Commissioner of MITI. In 1996, he was appointed as the Director of MITI (Industry Division) in Kuala Lumpur. In 2000, he was appointed as Chief Executive Officer of Small and Medium Industries Development Corporation (SMIDEC) until his retirement in 2001.

Encik Samad does not have any family relationship with any Director and/or major shareholder of the Company. He sits on the Board of Ingress Corporation Berhad, a non-public listed company.

DATO' TOH YEW PENG

Group Managing Director

Aged : 69, Male, Malaysian

Appointed to the Board on 12 July 1984

Member : Employees' Share Option Scheme (“ESOS”) Committee

Dato' Toh Yew Peng (“Dato' Toh”) is one of the founders of Prestar Resources Berhad (“Prestar” or “Company”) Group (“the Group” or “Prestar Group”). He attended all four (4) Board meetings held in the financial year ended 31 December 2021.

Dato' Toh has ventured into business after completing his secondary education. He has been the Group Managing Director of the Company since 1984 and is responsible for the strategic development and overall growth, profitability and management of the Group.

Dato' Toh travels extensively to keep abreast with the latest developments in the industry and constantly assesses new market prospects and opportunities for the Group.

Dato' Toh sits on the Board of Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar's subsidiaries and several other private limited companies.

Dato' Toh is a major shareholder of the Company and is also the brother of Mr. Toh Yew Keat, a major shareholder of the Company, Mr. Toh Yew Kar, Group Executive Director of the Company, Mr. Toh Yew Seng, Group Executive Director of the Company and Mr. Toh Yew Chin, Executive Director of the Company.

TOH YEW KAR

Group Executive Director

Aged : 63, Male, Malaysian

Appointed to the Board on 12 July 1984

Mr. Toh Yew Kar (“Mr. Toh”) has been the Marketing Director of the Company since 1984. He attended all four (4) Board meetings held in the financial year ended 31 December 2021. He is not a member of any Board Committee of the Company.

Mr. Toh has ventured into business after completing his Pre-University studies at Taylor's College. Prior to his involvement in Prestar Group, he has obtained substantial experience and exposure in sales and marketing with a trading company in Osaka, Japan. He is responsible for the marketing affairs of the Company and is actively involved in the implementation of marketing strategies and development of new products and markets.

Mr. Toh does not sit on the Board of other public companies and public listed companies. He is currently the Director of Prestar's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, a major shareholder of the Company, Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company, Mr. Toh Yew Seng, Group Executive Director of the Company and Mr. Toh Yew Chin, Executive Director of the Company.

BOARD OF DIRECTORS' PROFILE (cont'd)

TOH YEW SENG

Group Executive Director

Aged : 60, Male, Malaysian
Appointed to the Board on 31 January 1986
Member : ESOS Committee

Mr. Toh Yew Seng ("Mr. Toh"), was appointed as the Group Executive Director of the Company in 1986 and prior to that, he was the General Manager of the Company from 1984 to 1985. He attended all four (4) Board meetings held in the financial year ended 31 December 2021.

Mr. Toh obtained his Bachelor of Arts majoring in Business Administration from Tunghai University, Taiwan. He has more than thirty (30) years of experience in various operation areas which covers sales and marketing, operation and production, administration and project management.

Currently, Mr. Toh is mainly involved in overseeing and managing the manufacturing activities of the Group at Rawang's production complex, where he is responsible for the overall planning and formulating of operation and manufacturing strategies as well as supply chain management.

Mr. Toh sits on the Board of Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, a major shareholder of the Company, Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company, Mr. Toh Yew Kar, Group Executive Director of the Company and Mr. Toh Yew Chin, Executive Director of the Company.

TOH YEW CHIN

Executive Director

Aged : 58, Male, Singaporean
Appointed to the Board on 18 September 2009

Mr. Toh Yew Chin ("Mr. Toh") is the Director of Y. K. Toh Marketing (S) Pte. Ltd. ("YKTM") and Prestar Marketing Sdn. Bhd. Mr. Toh has ventured into business after completing his secondary education. He attended all four (4) Board meetings held in the financial year ended 31 December 2021. He is not a member of any Board Committee of the Company.

Currently, Mr. Toh is responsible for the overall business planning and development of Prestar Marketing Sdn. Bhd. and YKTM.

Mr. Toh does not sit on the Board of other public companies and public listed companies. He is currently the Director of several private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, a major shareholder of the Company, Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company, Mr. Toh Yew Kar, Group Executive Director of the Company and Mr. Toh Yew Seng, Group Executive Director of the Company.

KENNY TOH JIN TAT

Executive Director

Aged : 46, Male, Malaysian
Appointed to the Board on 1 October 2020

Mr. Kenny Toh Jin Tat ("Mr. Kenny Toh") holds a Bachelor in Business Administration, University of Texas A&M, USA. He attended all four (4) Board meetings held in the financial year ended 31 December 2021. He is not a member of any Board Committee of the Company.

Previously, Mr. Kenny Toh managed the export and operation functions of Prestar Manufacturing Sdn. Bhd. for eight (8) years since 1999 prior to his secondment to Prestar Industries (Vietnam) Co. Ltd. ("Prestar Vietnam"). He was the General Manager/Director of Prestar Vietnam from 2008 to 2011 to spearhead the manufacturing activities of Prestar Vietnam.

Mr. Kenny Toh was appointed as the Executive Director of Prestar Precision Tube Sdn. Bhd. ("PPTSB") on 3 January 2012. He is currently responsible for the overall management and profitability of PPTSB – Carbon Steel Pipes division.

Mr. Kenny Toh does not sit on the Board of other public companies and public listed companies.

Mr. Kenny Toh is the son of Mr. Toh Yew Keat, a major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE (cont'd)

TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH

Independent Non-Executive Director

Aged : 64, Male, Malaysian

Appointed to the Board on 18 March 1995

Chairman : Remuneration Committee

Member : Audit Committee and Nomination Committee

Tuan Haji Fadzlullah Shuhaimi Bin Salleh ("Tuan Haji Fadzlullah Shuhaimi") obtained his Master in Computer Science from the University of Michigan, Ann Arbor, USA in 1980 and a Master in Islamic Finance from the International Centre for Education in Islamic Finance (INCEIF), Kuala Lumpur in 2014. He was the Deputy President of Digital Equipment Corporation Users Society, Malaysia from 1991 to 1992. He attended all four (4) Board meetings held in the financial year ended 31 December 2021.

Tuan Haji Fadzlullah Shuhaimi has worked with Sime Darby Berhad, I & P Berhad and Shapadu Corporation Berhad, which he was primarily involved in the information technology department. Recently, he is lecturing Islamic Finance in Iowa, USA and Beirut, Lebanon.

Tuan Haji Fadzlullah Shuhaimi does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies.

MD. NAHAR BIN NOORDIN

Independent Non-Executive Director

Aged : 64, Male, Malaysian

Appointed to the Board on 18 June 1994

Member : Remuneration Committee

Encik Md. Nahar Bin Noordin ("Encik Nahar") obtained his Master in Business Administration (Finance) from California State University, USA in 1985 after having obtained a Bachelor of Science (Finance) from University of Pacific, USA in 1984. He attended all four (4) Board meetings held in the financial year ended 31 December 2021.

Encik Nahar started his career in Citibank N.A. ("Citibank"), Malaysia in 1986 and was attached to Citibank's investment and corporate banking division, handling various financial instruments. In 1990, he left Citibank as Assistant Vice President to join Metacorp Berhad, where he was initially responsible for financial and corporate matters but later took responsibility for the overall daily operations of Metacorp Berhad and assisted in the flotation of Metacorp Berhad on the Second Board (now known as ACE Market) of Bursa Malaysia Securities Berhad. He resigned as Deputy Managing Director of Metacorp Berhad in 1993 to venture into his own trading and investment holding businesses.

Encik Nahar does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies. He is a Director of several private limited companies.

DATO' LIM CHEANG NYOK

Independent Non-Executive Director

Aged : 53, Male, Malaysian

Appointed to the Board on 28 March 2002

Chairman : ESOS Committee and Nomination Committee

Member : Audit Committee

Dato' Lim Cheang Nyok ("Dato' Lim") is an advocate and solicitor and senior partner of Messrs. Lim & Yeoh. He attended all four (4) Board meetings held in the financial year ended 31 December 2021.

Dato' Lim graduated from Monash University in Melbourne, Australia with a Bachelor of Economics in 1988 and Bachelor of Law in 1990. He was called to the Malaysian Bar in 1992.

Dato' Lim commenced his legal profession handling banking and commercial litigation matters. Besides legal practice, Dato' Lim has been involved in various areas of business including information technology, mining and real property.

Dato' Lim does not have any family relationship with any Director and/or major shareholder of the Company. He sits on the Boards of SBC Corporation Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad and several private limited companies.

BOARD OF DIRECTORS' PROFILE (cont'd)

LOU SWEE YOU

Independent Non-Executive Director

Aged : 78, Male, Malaysian

Appointed to the Board on 9 May 2008

Chairman : Audit Committee

Member : Remuneration Committee and Nomination Committee

Mr. Lou Swee You ("Mr. Lou") graduated from Nanyang University, Singapore with a Bachelor of Commerce (Accountancy) Degree and holds a Master of Business Administration Degree from Strathclyde Graduate Business School, Glasgow, Scotland. Besides being a Certified Internal Auditor, he is also a CFIIA, FIPA and FFA. He attended all four (4) Board meetings held in the financial year ended 31 December 2021.

Mr. Lou has spent more than thirty (30) years with a public listed company and had headed various functions including finance, secretarial practices, information system, human resource and internal auditing. He was the officer/director primarily responsible for the financial management of that company for a period of more than twenty (20) years.

Mr. Lou was actively involved in internal audit activities and was a board member of The Institute of Internal Auditors Malaysia for a number of years. During the said period, he held several positions included treasurer, secretary and vice president.

Mr. Lou does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies.

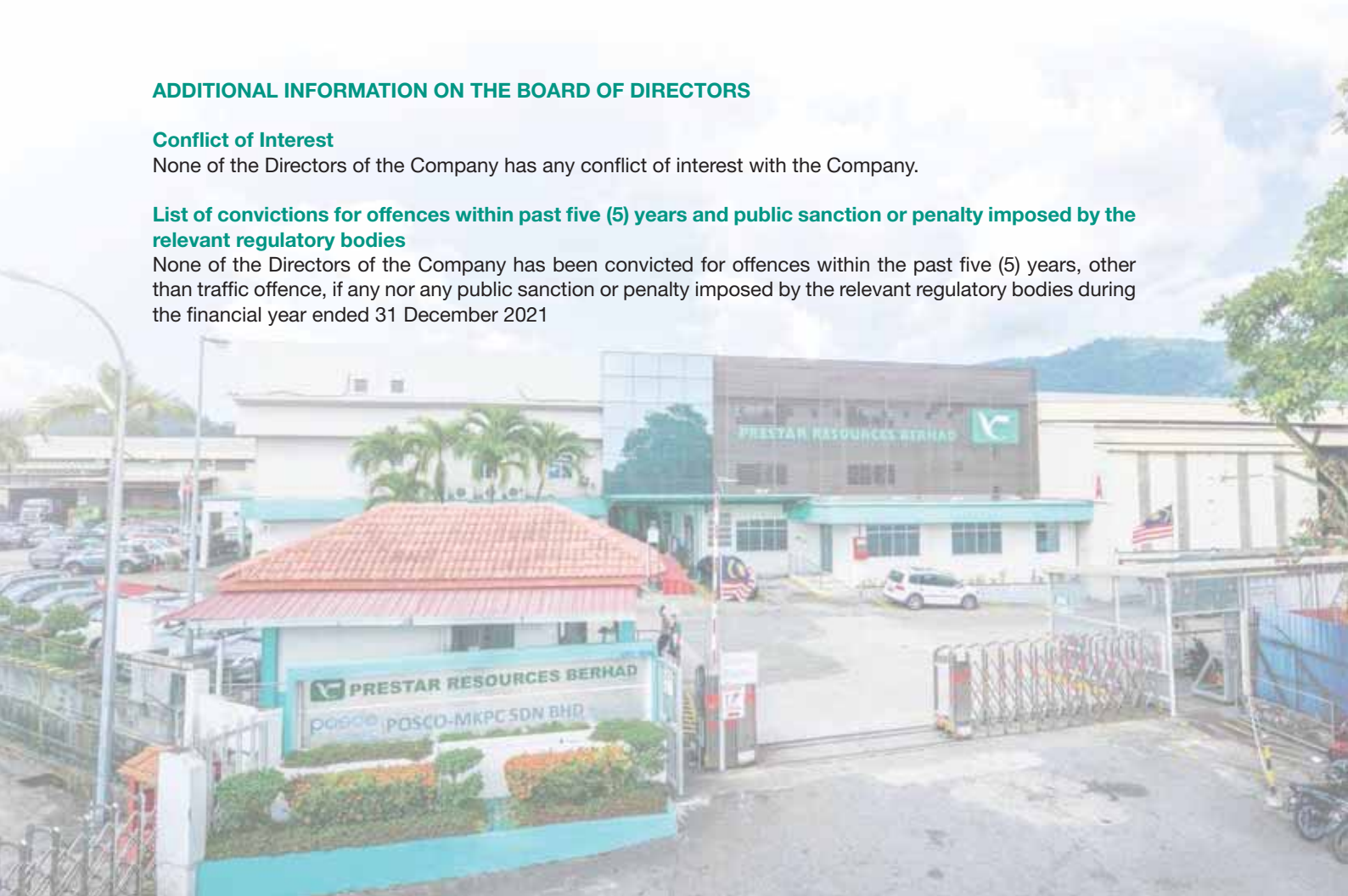
ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Conflict of Interest

None of the Directors of the Company has any conflict of interest with the Company.

List of convictions for offences within past five (5) years and public sanction or penalty imposed by the relevant regulatory bodies

None of the Directors of the Company has been convicted for offences within the past five (5) years, other than traffic offence, if any nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021





PROFILE OF KEY SENIOR MANAGEMENT

- **DATO' TOH YEW PENG**
Group Managing Director
- **TOH YEW KAR**
Group Executive Director
- **TOH YEW SENG**
Group Executive Director
- **TOH YEW CHIN**
Executive Director
- **KENNY TOH JIN TAT**
Executive Director

The above key senior management are also members of the Board. Their profiles are set out in the Board of Directors Profile of this Annual Report.

TOH POH KHUAN

Executive Director,
Prestar Marketing Sdn. Bhd. ("PMktg")
Aged: 73, Female, Malaysian

Ms. Toh Poh Khuan ("Ms. Toh") ventured into business after completing her secondary education. She has been the Finance Director of PMktg since 1981, and is responsible for the day-to-day operations of PMktg in Northern region of Peninsular Malaysia. She was appointed as the Executive Director of PMktg on 20 September 1985.

Ms. Toh is the sister of Mr. Toh Yew Keat, a major shareholder of the Company, Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company, Mr. Toh Yew Kar, Group Executive Director of the Company, Mr. Toh Yew Seng, Group Executive Director of the Company and Mr. Toh Yew Chin, Executive Director of the Company. She sits on the Board of several other private limited companies. She does not sit on the Board of any public companies and public listed companies.

KOAY KAH EE

Group Finance Director,
Prestar Resources Berhad ("Prestar")
Aged: 63, Male, Malaysian

Mr. Koay Kah Ee ("Mr. Koay") holds a Master in Business Administration (MBA) from University of Strathclyde, United Kingdom ("UK"). He is a fellow member of Chartered Institute of Management Accountants (CIMA), UK, fellow member of the Australia Certified Practising Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA) and Chartered Global Management Accountant (CGMA), member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia.

Mr. Koay joined Prestar Group in 1994 as the Group Finance and Administration Manager. He is responsible for all the finance, accounting and corporate affairs of Prestar Group and was appointed as the Group Finance Director on 1 September 2008. He sits on the Board of Prestar Manufacturing Sdn. Bhd. ("PMSB"), Prestar Engineering Sdn. Bhd. ("PESB"), Prestar Steel Pipes Sdn. Bhd. and Dai Dong Steel Sdn. Bhd. ("DDSSB"). Before joining Prestar Group, he held Finance and accounting position in various industries such as manufacturing, plantation and services in both local and multi-national companies.

He is also the Senior Independent Non-Executive Director of Ajinomoto (Malaysia) Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") and JF Technology Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities and Non-Executive and Non-Independent Director of Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities .

Mr. Koay does not have any family relationship with any Director and/or major shareholder of the Company.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

ALAN TOH JIN JOO

Executive Director,

Prestar Precision Tube Sdn. Bhd ("PPTSB") and DDSSB

Aged: 45, Male, Malaysian

Mr. Alan Toh Jin Joo ("Mr. Alan Toh") holds a Bachelor Degree of Science, University of Texas A&M, USA. He started his work as an Information Technology Manager of Prestar Group in year 2003. He was subsequently attached to the production and sales department of PPTSB – Automotive Tubes division. He was appointed as the Executive Director of PPTSB and DDSSB on 1 December 2014. He is currently responsible for the sales and marketing activities of PPTSB – Automotive Tubes division and DDSSB.

Mr. Alan Toh is the son of Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

ANDY TOH JIN HONG

Sales Director,

Prestar Storage System Sdn. Bhd. ("PSSSB")

Aged: 44, Male, Malaysian

Mr. Andy Toh Jin Hong ("Mr. Andy Toh") holds a Bachelor in Business Administration, University of Texas A&M, USA. He began his career with Chiho Hardware Sdn. Bhd. overseeing the business operation in Penang. He has more than eighteen (18) years of business experience dealing in household hardware and storage system. He joined PSSSB in 2008 as Assistant Production Manager and subsequently promoted to Sales Manager in 2012. He was appointed as the Sales Director of PSSSB on 1 June 2016. He is currently responsible for the sales, shipping, export, design and engineering department of PSSSB.

Mr. Andy Toh does not have immediate family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

JASON TOH JIN HIN

Sales Director,

PPTSB

Aged: 40, Male, Malaysian

Mr. Jason Toh Jin Hin ("Mr. Jason Toh") ventured into business after completing his secondary education. He joined Prestar Group in 2002 and was formerly attached to POSCO-MKPC Sdn. Bhd., a 30%-owned associate company of the Company. He has vast experience in the field of sales and marketing. He was appointed as the Executive Director of PPTSB on 1 December 2014 and is currently responsible for the sales and marketing activities of PPTSB – Carbon Steel Pipes division.

Mr. Jason Toh is the brother of Mr. Kenny Toh Jin Tat, the Executive Director of the Company and the son of Mr. Toh Yew Keat, the major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

THEN KWEE HONG

Assistant General Manager,

Group Human Resources and Administration, Prestar

Aged: 57, Female, Malaysian

Ms. Then Kwee Hong ("Ms Then") holds a Diploma in Human Resource Management from University Malaya. She joined Prestar Group in 2001 and appointed as the Assistant General Manager, Group Human Resources and Administration on 1 May 2016. She has more than twenty (20) years of experience in Human Resource Management and is currently responsible for the human resource, administration, safety and security affairs of Prestar Group.

Ms. Then does not have any family relationship with any Director and/or major shareholder of the Company. She does not sit on the Board of any public companies and public listed companies.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

SIOW KAM WAH

General Manager,
PESB
Aged: 43, Male, Malaysian

Mr. Siow Kam Wah (“Mr Siow”) holds a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College. He joined PESB in September 2018 as General Manager. He has more than fifteen (15) years of experience in Sales and Marketing and Managerial positions. He is currently responsible for the business operations and profitability of PESB and overseeing the sales team.

Mr. Siow does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

KONG HONG LIM

Assistant General Manager,
PPTSB
Aged: 52, Male, Malaysian

Mr Kong Hong Lim (“Mr. Kong”) holds a Diploma in Technology (Material Engineering) from Tunku Abdul Rahman College. He joined Prestar Industries Sdn. Bhd. in May 1994 as Production Executive. He was subsequently transferred to PMSB and promoted to Plant Manager in 2001. He has more than twenty-five (25) years of experience in the manufacturing field. Currently, he is the Assistant General Manager for manufacturing division of PPTSB, overseeing the production, quality assurance and quality control, maintenance and warehousing operations and responsible on the Group’s operation improvement.

Mr. Kong does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of any public companies and public listed companies.

Save as disclosed above, none of the key senior management has:

- (a) any conflict of interest with the Company;
- (b) any conviction for offences (other than traffic offences, if any) within the past five (5) years; and
- (c) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial year ended 31 December 2021 (“FYE 2021”) had been a challenging and rewarding year for Prestar Resources Berhad (“the Company” or “Prestar”) and its subsidiaries (“the Group” or “Prestar Group”). The Group has achieved a remarkable performance record in its profit attributable to owners of the parent, registering at RM95.2 million for FYE 2021, despite the continuous business disruptions caused by persistent widespread pandemic COVID-19 during FYE 2021. The government imposed lockdown and restrictions in movements in June 2021 which lasted almost three (3) months. During the lockdown period, only a limited workforce was allowed to work and business operations were affected. Most of the business sectors witnessed sluggish performance during this period and without exception, the Group’s businesses and operations were also affected in the second quarter of FYE 2021. However, the Group’s businesses recovered commendably after the end of the total lockdown and delivered a strong performance with sterling result in the Company’s track record.

The financial and operational reviews of the Group as well as the major risks encountered are further elaborated below.

REVENUE RM	ADJUSTED EBITDA RM	PROFIT AFTER TAX RM	NET ASSET 2021 RM
538.7 million	134.3 million	95.2 million	408.4 million

FINANCIAL REVIEW

The key financial highlights of the Group for FYE 2021 as compared to the financial year ended 31 December 2020 (“FYE 2020”) are as follows:-

RM'000	FYE 2021	FYE 2020	Variance	Variance (%)
Revenue	538,679	409,981	128,698	31.4%
Profit before taxation	118,776	27,687	91,089	329.0%
Profit attributable to owners of the parent	95,196	22,238	72,958	328.1%
Total assets	772,630	509,288	263,342	51.7%
Equity attributable to owners of the parent	408,369	304,464	103,905	34.1%
Net assets per share (RM)	1.19 #	1.57	0.38	(24.2%)
Basic earnings per share (sen)	28.48	6.89 ^	21.59	313.4%
Diluted earnings per share (sen)	28.47	6.88 ^	21.59	313.8%

Note:

Net assets per share, after the completion of Bonus Issue and Private Placement exercise.

^ Earnings per share, adjusted to reflect completion of Bonus Issue and Private Placement for comparative purpose.

The Group’s revenue for FYE 2021 had increased by 31.4% to RM538.7 million, as compared to RM410.0 million recorded in FYE 2020. Profit before taxation also surged by 329.0% from RM27.7 million recorded in FYE 2020 to RM118.8 million for FYE 2021. The Group’s outstanding performance was attributed by strong marketing network and wider customer base as well as the on-going deliveries on major business contracts secured in the prior years. Coupled with the improvement on market demand with better sales margin amid higher selling prices, the Group reported a strong positive performance in FYE 2021. In line with the above, two (2) associate companies also contributed significantly in FYE 2021 despite higher material prices in the global steel market.

As a result of improved operational performance in year 2021, the profit after taxation attributable to owners for FYE 2021 had increased by 328.1% from RM22.2 million in FYE 2020 to RM95.2 million in FYE 2021, a record performance for the Group.

With the improved earnings, the Group’s financial position was further strengthened with the total equity increased to RM408.4 million as at 31 December 2021. The Group’s total assets for FYE 2021 had increased to RM772.6 million from RM509.3 million recorded in FYE 2020.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL REVIEW (cont'd)

During FYE 2021, the administrative expenses had increased by 8.2% to RM35.8 million as compared to RM33.1 million in FYE 2020. These were mainly due to higher payroll costs with better incentives and bonus payments for FYE 2021 as well as updated remeasurement costs of employee retirement benefits carried out periodically.

The Group's trade payable for FYE 2021 had increased to RM19.6 million as compared to RM12.9 million in FYE 2020. The Group's bank borrowings for FYE 2021 had increased by 81.8% to RM292.1 million as compared to FYE 2020 which was mainly utilised for funding of working capital of the Group.

Dividend

The Company had paid a first interim single-tier dividend of 1.0 sen per ordinary share in respect of FYE 2021 on 30 July 2021. While the final single-tier dividend of 1.0 sen per ordinary share in respect of FYE 2020 was paid on 30 July 2021. In addition to the above, the Company had subsequently declared a second interim single-tier dividend of 2.0 sen per ordinary share in respect of FYE 2021 which was paid on 21 January 2022.

The Board of Directors ("the Board") of the Company had also recommended a single-tier final dividend of 2.0 sen per ordinary share for FYE 2021 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled to be held on 15 June 2022. Thus, the total dividend paid/payable for FYE 2021 amounted to 5.0 sen per ordinary share.

Currently, the Company does not adopt any Dividend Policy. However, the Board strives to adopt a consistent approach in declaring dividends every financial year after considering various factors, such as future investment requirements, profitability and liquidity of the Company.



OPERATIONS REVIEW

In line with the Group's strategic plan to ensure sustainability in its business competitiveness and performance, the Group continued to explore business opportunities, participate in major infrastructure projects related to our businesses and carry out acquisitions and operational changes as part of the long-term strategic action plans. During FYE 2021, there were a few businesses and operational development activities undertaken by the Group as below:

i) COVID-19 pandemic – preventive measures

With the prolonged disruptions caused by COVID-19 pandemic, the Group has managed to obtain approval from the relevant authorities to resume its operations during the lockdown period, albeit on a smaller scale with adherence to strict operating conditions, observation of stringent standard operating procedures ("SOP"), the establishment of Return to Work Guideline and formation of COVID-19 Emergency Respond team.

In addition to the above initiatives, the Group was able to swing into full operation upon the relaxation of the movement control order ("MCO") and reaped strong results.

ii) Solar Energy initiatives

The Board of the Group has approved the installation of Solar Photovoltaic Systems* ("SPS") for three (3) production facilities in the last quarter of FYE 2020. This strategic decision will allow the Group to benefit from reducing energy costs, and at the same time, generating additional income for any excess power generated which can be sold back to Tenaga Nasional Berhad, which overall contributes positively to the Group. In addition to that, the Group will also enjoy substantial tax benefits, such as capital allowance and Green Investment Tax Allowance (GITA) upon full implementation.

Due to imposition of MCO and operation lockdown during FYE 2021, there were some delay in the installation of SPS. Nevertheless, installation of SPS has been completed in one (1) production facility while the other two (2) production facilities will be fully completed and generating electricity in the financial year ending 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

ii) Solar Energy initiatives (cont'd)

Total costs of installation at three (3) production facilities was amounted to approximately RM6.60 million and estimated electricity generation will be around 4.46 million kWh while the Group will enjoy an estimated savings of approximately RM0.85 million (exclude tax benefits based on existing electricity tariff) per year on all three (3) production facilities for at least twenty (20) years.

The solar project provides a great opportunity for the Group to contribute to our nation using renewable energy solutions which are in line with the government's efforts to create a more affordable, sustainable, cleaner and green future.

(A photovoltaic (PV) system is composed of one (1) or more solar panels combined with an inverter and other electrical and mechanical hardware that use energy from the sun to generate electricity.*



iii) Consolidation of the Group's interest

During FYE 2021, Prestar Engineering Sdn. Bhd. ("PESB"), a 100%-owned subsidiary of the Company had acquired the remaining 263,000 ordinary shares, representing 2.83% of the total number of issued shares of Prestar Galvanising Sdn. Bhd. ("PGSB") from the existing minority shareholder on 31 October 2021, at a total purchase consideration of RM0.14 million, on a willing-buyer-willing-seller basis. Upon completion of the aforesaid acquisition, PGSB has become a 100%-owned subsidiary of PESB and Prestar Group. The aforesaid acquisition will also allow Prestar to consolidate its management on PGSB and enhance the control and productivity of PGSB. Notably, contingent on the above acquisition, all subsidiaries of the Group are 100%-owned by Prestar.

iv) Business collaboration with a Japanese company, Murata Machinery, Ltd ("MURATA") - Prestar extends its collaboration partnership with MURATA to expand its global footprint

Prestar's wholly-owned subsidiary, Prestar Storage System Sdn. Bhd. ("Prestar Storage") had on 17 August 2021 entered into a Supplemental Manufacturing Partnership Agreement with MURATA to include additional nine (9) subsidiaries of MURATA from various regions and countries namely the United States of America ("USA"), China, Europe, India, Thailand, Singapore, Vietnam, Taiwan and Hong Kong in the Manufacturing Partnership Agreement. Hence, Prestar Storage will cover ten (10) regions in total, including the main partnership located in Japan.

MURATA is one (1) of the largest designers and manufacturers of material handling systems in Japan with leading edge in the manufacturing of Automation Integrator serving a global market in a wide range of industries.

To recap, Prestar Storage had in June 2020 entered into a Manufacturing Partnership Agreement with MURATA's logistic and automation division to supply Automated Storage and Retrieval System ("ASRS") Racking System for MURATA's global market including the USA, Japan, China and ASEAN countries.

The extended collaboration is expected to give Prestar Storage the instant accessibility for supplying ASRS Racking System to e-commerce, pharmaceutical, omnichannel distributions and high throughput industries such as fast-moving consumer goods in the global market.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

v) Capital and information and communication technology (“ICT”) expenditure

During FYE 2021, the Group had incurred a total capital expenditure (“CAPEX”) of RM11.7 million for replacing, upgrading and expanding its machineries and facilities to boost efficiency and productivity as well as to enhance the production output of the Group.

The breakdown of the total CAPEX amounting to RM11.7 million for FYE 2021 is as follows:

- (a) RM1.5 million was incurred for the acquisition of new machineries and execution of additional facilities, which include high frequency welder, rubber ring machine, forming roller, welding robot, etc.;
- (b) RM5.5 million was incurred to build and install SPS at our plants in Rawang, Selangor Darul Ehsan;
- (c) RM0.6 million was incurred for the replacement and renewal of existing obsolete machineries and related facilities, LPG gas installation, as well as some furniture and fittings and office equipment;
- (d) RM0.9 million was spent on purchasing forklifts and trucks for rental business;
- (e) RM3.2 million was paid for workers’ hostel extension, upgrading of factory and office renovation located at Lot 3, Rawang, Selangor Darul Ehsan; and
- (f) RM0.798 million was incurred for maintenance and upgrading of ICT hardware and software as well as the costs associated with information technology (“IT”) human capital.

vi) Shares Buy-back, Private Placement and Bonus Issue

During FYE 2021, Prestar has carried out the following corporate exercises in line with its on-going strategic financial plans:

- (i) Issuance of 19,403,200 new ordinary shares pursuant to the Private Placement exercise which was completed on 8 June 2021.
- (ii) Issuance of 1,110,500 new ordinary shares pursuant to the exercise of the Employees’ Share Option Scheme (ESOS) by the Option holders.
- (iii) Issuance of 135,206,526 (including 6,532,380 treasury shares) new ordinary shares pursuant to the Bonus Issue exercise on the basis of three (3) bonus shares for every five (5) existing ordinary shares held. The Bonus Issue has been completed on 13 August 2021.
- (iv) Repurchased of a total of 110,000 ordinary shares from the open market at an average price of RM0.56 per share. The total consideration paid was RM61,746. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As a result of the above, the paid-up share capital of the Company has increased from RM106.608 million to RM126.950 million with the number of shares stood at 360,550,756 (including 17,529,680 treasury shares) as at 31 December 2021.

MANAGING KEY RISKS

As with any other business organisations, the Group faces several key risks that are relevant and related to the Group’s business operations. Although the Group had put in place the mitigation measures to tackle the business risks, it shall be acknowledged that there are some inherent business and operational risks that are beyond the Group’s control. The key risks noted are as follows:

• Covid 19 - Pandemic

This is the risk applicable to the Company and the Group. The impact is costly in terms of loss of revenue and prevention costs. The Group’s Human Resources department has issued guidelines and SOP to all employees in order to mitigate the occurrence of infection cases at all times. Appropriate preventive measures to help achieve a safe and healthy return to work following the relaxation of physical distancing measures, and also contribute to suppressing transmission of COVID-19 thus further reduce the risks to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

MANAGING KEY RISKS (cont'd)

- **Credit risk**

Credit risk arises primarily from trade receivables as the coverage of the industries are wide and in-depth with the number of customers running in thousands for the entire Group. In order to mitigate the aforesaid risk, each subsidiary has established its credit appraisal system and to review the daily operating procedures with well-written SOP. The debtors' ageing report is available through each subsidiary's computerised information system. It is being monitored closely to ensure appropriate and timely actions are taken as an effort to mitigate the credit risk. In addition, the Group's Office Management is also monitoring the overdue accounts regularly to keep the minimal impact of credit risk on the Group.

- **Cyber risk**

Cyber risk commonly refers to any risk of financial loss, disruption or damage to the reputation of an organisation resulting from the failure of its IT systems. Email communication is one (1) of the major entry points for various types of computer virus, hackers and scammers. For example, if a company is not well protected from Spyware or Ransomware, important data will be held ransom or erase when a user opens an email from a known/unknown sender with Ransomware encrypted attachment (doc, pdf, excel and picture). This will end up the Company suffering substantial financial losses and interruption in business operations and losses of important and confidential data.

In line with this, our IT department has implemented a policy on e-mail and internet access level based on job and responsibility requirements as well as job seniority. Security appliances such as Firewall, Anti-Spam and Antivirus applications are also installed into our IT systems to prevent and protect the users from various types of potential cyber-attacks. Besides, IT department also organises cyber security awareness training on the latest cyber risk and shares information with all employees when there is news on the latest cyber risk. Through the above preventive and protective measures, there is no any major cyber-attacks occurred in the Group for FYE 2021.

- Other major risk at the Group level is fire perils where most of our subsidiaries might be potentially exposed to the aforesaid risks. The Group had put in place adequate insurance coverage to mitigate the potential loss from the consequence of fire perils. The Group had also over the years, developed and implemented various action plans and protection measures to monitor and protect our facilities against fire perils. In addition, the audit and surveillance check on the fire-fighting equipment are also carried out regularly during FYE 2021.

Detailed report on the risk management and internal control of the Group is presented in other section of this Annual Report.



OUTLOOK

In view that the daily COVID-19 cases remained at high level above ten thousand amid Omicron wave, the outlook for the new financial year remains challenging. Nonetheless, Bank Negara Malaysia ("BNM") has lately projected real Gross Domestic Product growth of 5.3% - 6.3% for 2022, marginally lower than the earlier Ministry of Finance's projection of 5.5% - 6.5%. The Malaysian economy is expected to remain on its recovery path and poised to grow positively in 2022. Prices of steel raw material continue to fluctuate in line with the movement of iron ore prices while competition remains stiff with squeeze profit margin envisaged.

Domestic demand is expected to be the main anchor of growth as the economy continues to normalise with the reopening of borders, full upliftment of restrictions and higher investments. While costs pressures are building up amid rising commodities prices and geopolitical conflicts, BNM envisaged headline inflation is expected at 2.2% - 3.2% in 2022. Meanwhile, the Group's sales and marketing activities continue to progress according to plan with on-going deliveries of steel guardrails for Sarawak Pan Borneo project as well as the enhanced racking business collaboration with the international business partners, MURATA Japan.

Barring unforeseen circumstances, the Board is cautiously optimistic that the Group will continue to generate satisfactory performance for the financial year 2022.



SUSTAINABILITY STATEMENT 2021

OUR SUSTAINABILITY

The Board of Directors (“Board”) is pleased to present this Sustainability Statement which sets out sustainability matters that are material to Prestar Resources Berhad (“Prestar” or “the Company”) and its subsidiaries (the “Group” or “Prestar Group”), the way the Group manages it and the activities the Group has undertaken to complement the Group’s sustainability efforts.

Through our Sustainability Statement, we exhibit our vision and discuss the commitments we will undertake to address our responsibilities relating to various Economic, Environmental and Social (“EES”) issues, to our stakeholders and future generations of Prestar Group. We believe that our continued growth and the growth of the markets we serve depends largely on how we manage its impact.

We understand the strong relationship between business and sustainability, which is increasingly influencing market decision. The driving force behind Prestar to address sustainability risks and revolve our business decision into achieving strong financial outcomes and positive EES performance.

REPORTING STANDARDS

This Sustainability Statement was prepared in accordance with the following regulatory and guidance:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”);
- Sustainability Reporting Guide, 2nd Edition (“SRG”) issued by Bursa Malaysia Securities;
- Malaysian Code on Corporate Governance, updated on 28 April 2021 (“MCCG 2021”); and
- Global Reporting Initiative (“GRI”) 2021.

Efforts were made to meet the core principles of the GRI standards and improve the sustainability disclosure.

REPORTING SCOPE

Unless otherwise stated, this Sustainability Statement covers our sustainability performance of the operations of Prestar and its Malaysian subsidiaries (“the Group”, “we” or “our”). The Company and following active subsidiaries are located in Malaysia and cover a reporting period from 1 January 2021 to 31 December 2021.

The overseas entity was excluded from this reporting scope due to its minimal revenue contribution to the Group.



SUSTAINABILITY GOVERNANCE

Prestar has built a sustainability governance structure inside the Group to manage sustainability, which we believe that it is critical to maintain a long-term competitiveness. The governance structure efficiently permits us to manage our businesses, make informed decisions, as well as carry out long-term activities across the Group.

SUSTAINABILITY STATEMENT (cont'd)

SUSTAINABILITY GOVERNANCE (cont'd)










The following are the functions and responsibilities for each level of the structure:

Sustainability governance structure

 <p>Board of Directors (“Board”) Oversees the development and implementation of strategies.</p> <p><i>Comprises Independent Non-Executive Chairman, Group Managing Director, Group Executive Directors, Executive Directors & Independent Non-Executive Directors.</i></p>	 <p>Management Committee Determines the sustainability strategies and action plans that will be presented to the Board for approval.</p> <p><i>Led by Dato’ Toh Yew Peng (Group Managing Director)</i></p>	 <p>Divisional Management Consolidate, develop, coordinate and implement sustainability initiatives across the Group</p> <p><i>Representatives from various Heads of Department</i></p>
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GOVERNANCE POLICIES AND PROCEDURES

The fundamental of good governance includes setting rules and standards to supplement legislation that governs how the Company plans to engage as a trustworthy business partner in social, economic, governance, and environmental problems. They are as follows:

 <p>Anti-Bribery & Anti-Corruption Policy and Guidelines</p>	 <p>Employees’ Discipline & Code of Conduct</p>	 <p>Ethics Policy Statement & Ethics for Directors</p>
 <p>Risk Management</p>	 <p>Whistleblowing Policy</p>	 <p>Health and Safety Procedure</p>
 <p>Employees’ Handbook</p>	 <p>Roles and responsibilities</p>	 <p>Procurement Procedures</p>

STAKEHOLDERS' ENGAGEMENT

We define our stakeholders as any party who has a strong interest in our business operations, has a direct or indirect impact on our businesses and can influence the Group and its actions. Our connection encompasses a variety of stakeholder groups, and we actively engage with them through a variety of communication methods, including in hard copy or electronic form, as well as web-based media platforms, to identify and address their sustainability problems.



SUSTAINABILITY STATEMENT (cont'd)

STAKEHOLDERS' ENGAGEMENT (cont'd)

Our primary stakeholders, as well as the areas of concern, methods of engagement and frequency of involvement, are listed in the table below.

No.	Key Stakeholders	Areas of Concern	Methods of Engagement	Frequency
1	Shareholders or Investors	<ul style="list-style-type: none"> Financial performance Return on investment 	<ul style="list-style-type: none"> Annual general meetings Extraordinary general meetings Corporate announcements Media releases 	<ul style="list-style-type: none"> Periodically
2	Customers	<ul style="list-style-type: none"> Good product quality Timely delivery 	<ul style="list-style-type: none"> Daily engagements Briefings Site visits Advertisements and media releases Surveys 	<ul style="list-style-type: none"> Regularly
3	Suppliers	<ul style="list-style-type: none"> Procurement practices Fair and sustainable practices 	<ul style="list-style-type: none"> Regular briefings Visits Supplier evaluations and registration 	<ul style="list-style-type: none"> Regularly
4	Financiers/ banks/ analysts	<ul style="list-style-type: none"> Financial performance Return on investment 	<ul style="list-style-type: none"> Corporate announcements Media releases 	<ul style="list-style-type: none"> Periodically
5	Local authorities/ Municipalities/ Regulators/ Government Ministries	<ul style="list-style-type: none"> Regulatory compliance Corporate governance Standards and certifications 	<ul style="list-style-type: none"> Compliance efforts i.e., submission of reports Regular visits Events i.e., corporate, government and conferences Media releases 	<ul style="list-style-type: none"> Periodically
6	Employees	<ul style="list-style-type: none"> Competitive pay and benefits Career growth and opportunities 	<ul style="list-style-type: none"> Performance evaluation Trainings and developments Compensations and benefits Corporate and community activities 	<ul style="list-style-type: none"> Regularly

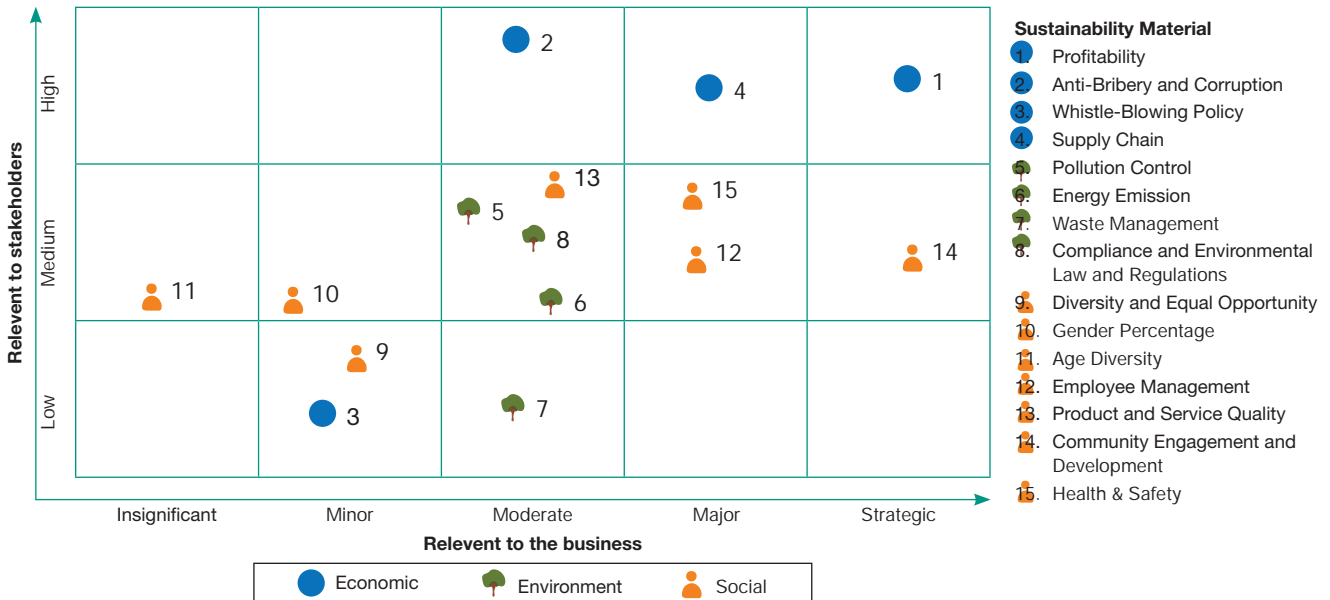
MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

From year 2021 until now, the coronavirus disease 2019 or COVID-19 pandemic has raised the relevance of materiality and heightened scrutiny on how Prestar handled and responded to any immediate business impact from various internal and external events. We had examined the Group's business operations and risk areas and the entire business environment with our top key Senior Management, encompassing numerous internal and external exposures, as well as the degree of impact of each sustainability concern has on Prestar.

SUSTAINABILITY STATEMENT (cont'd)

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (cont'd)

The materiality of sustainability issues altered along with the happenings in the latest social, economic and political issues worldwide and domestically resulting in the relevance to the business changes. As shown in the graph below, a total of fifteen (15) critical material sustainability issues were identified, with the profitability of remaining the top priority for stakeholders and having a strategic impact on the Group.



SUSTAINABILITY KEY PERFORMANCE INDICATOR (“KPI”)

We take cognisance on the updates of sustainability focus as set out in the MCCG 2021. It prescribes the needs of the Board together with Management to take responsibility for the governance of sustainability in the Company including setting the Company’s sustainability strategies, priorities and targets.

Having said that, we are in the midst of reviewing, gathering information and analysing to support the setting of sustainability targets going forward. Meanwhile, Prestar’s key achievements for the financial year ended 31 December 2021 (“FY2021”) are summarised below:

Categories	Achievement
Economic	Four (4) of our subsidiaries have maintained their certification with ISO 9001:2015 in relation to Quality Management System.
Environmental	We have passed the Air Quality Test and complied with the Environmental Quality (Clean Air) Regulations 2014 for May 2021 and October 2021.
	We have successfully installed a solar panel system in Prestar Storage System Sdn. Bhd. (Plant no .1) on 18 November 2021.
Social	We have managed to control the outbreak of COVID-19 among our workers and maintain the clean record of no fines from Ministry of Health (“MOH”).
	Loss time injury (“LTI”) days was reduced by 44% to 86 days in FY2021 [Financial year ended 31 December 2020 (“FY2020”): 154 days]

SUSTAINABILITY STATEMENT (cont'd)

ECONOMIC

1. Profitability

Prestar's goal is to extend value for our shareholders by delivering strong and sustainable growth with solid profitability, while also establishing a sustainable environment for on-going positive long-term development. We believe that achieving long-term commercial success allows us to create value for all of our stakeholders i.e., increasing shareholder value, providing opportunities for employees, and contributing to the communities in which we operate.

Our strategies in FY2021 were communicated to Management team for execution and implementation. Prestar's Group Risk Management Committee meets every half-yearly to address the key risks identified while the operations team discussed the operational risks on a periodical basis.

While having a strong track record and experience in the steel industry, the Group is constantly identifying alternative strategies to drive its financial performance by adopting a strategic plan.

In FY2021, the Group posted a strong financial performance mainly due to better sales margin resulting from higher customer demand on the products and services after the relaxation of Movement Control Order as well as the continued rising trend of steel prices.

The Group's sales and marketing activities continue to progress according to plan with on-going deliveries of steel guardrails for Pan Borneo Sarawak Project as well as the enhanced racking business collaboration with the international business partners, Murata Japan ("Murata"). With the Supplemental Manufacturing Partnership Agreement entered with Murata in August 2021 to include additional nine (9) subsidiaries, Prestar expanded its global footprint to United States of America, China, Europe, India, Thailand, Singapore, Vietnam, Taiwan, Hong Kong and including the main partnership located in Japan.

Please see the Management Discussion and Analysis and the Audited Financial Statements in this Annual Report for more information on our financial results.

2. Anti-bribery and corruption

Prestar is dedicated to ethical and responsible for business practices, and it forbids any forms of bribery and corruption, as well as any commercial practices that give the impression of improper influence. Our commitment towards zero corruption, bribery and fraud is embodied with the implementation and enforcement of Anti-Bribery and Anti-Corruption ("ABAC") Policy and Guidelines since June 2020.

Our efforts to instill utmost integrity and develop a healthy workplace culture include onboarding training and awareness training programme on Prestar's ABAC Policy and Guidelines, due diligence assessment and/or conflict of interest check. Other than the acknowledgement declaration adhering to Prestar's ABAC Policy and Guidelines, conflict of interest declaration is required from Directors and employees periodically.

The Company's ABAC Policy and Guidelines is available on our corporate website at www.prestar.com.my.

2.1 Code of Conduct

Our Code of Conduct and Ethics for Directors, which was last updated on 14 May 2020, incorporated the Group's Code of Conduct into the Employee Handbook. It aims to uphold our values and beliefs by establishing expected standards and framework for employees' discipline and behaviour. All employees are informed of these principles during onboarding training programme and are reminded regularly during training session.

A copy of the Prestar's Code of Conduct and Ethics for Directors is available on our corporate website at www.prestar.com.my.

3. Whistleblowing Policy and Guidelines

The Company's Whistleblowing Policy and Guidelines is in place, aiming to provide a structured mechanism for all employees, Directors, associates, and external parties to raise or report any suspected wrongdoings, corruptions, fraudulent activities, or abuses involving the Company's resources that may negatively impact the Group's businesses and reputation. The whistleblowers are safeguarded under the Whistleblowing Policy and Guidelines from retaliation or victimisation for speaking up in good faith.

SUSTAINABILITY STATEMENT (cont'd)

ECONOMIC (cont'd)

3. Whistleblowing Policy and Guidelines (cont'd)

Reports under this Policy and Guidelines shall be brought to the Chairman of the Audit Committee via any one of the following channels:

- By Email: whistleblow@prestar.com.my
- By Post: Audit Committee Chairman of Prestar Resources Berhad
c/o: Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Malaysia

The Whistleblowing Policy and Guidelines is available on our corporate website at www.prestar.com.my.

We are pleased to say that there were no complaints on any suspected corrupt practices or unethical behaviour of our employees in FY2021.

4. Supply chain

As a result of global uncertainties within globally functioning supply chains, traceability and transparency into suppliers' activities have become necessary to manage Prestar's environmental, social and governance related risks. This is the main reason why Prestar remained focused when developing a procurement strategy.

At Prestar, we integrate the sustainability aspects into our procurement practices as follows:

- a) Traceability and transparency
 - Ensuring that the origins of materials and sourcing relationships in the supply chain are clearly understood by the employees and that risks in the supply chain have been identified.
- b) Engagement and collaboration
 - Working with suppliers and stakeholders collaboratively to embed sustainable sourcing practices.
- c) Measuring the impact
 - Developing tools and approaches to measure supply chain sustainability performance over time.

With the uncertainties caused by the COVID-19 pandemic, the worldwide supply chain has been disrupted badly, not only the demand and supply of steel products but the commodities and shipping costs as well. In order to manage the supply chain disruptions, we have reviewed and revised the safety stock level, monthly production meetings to discuss on production schedule and stock planning, placed advance orders (when necessary), negotiated for bulk purchase discounts, and continuous sourcing of alternative suppliers. Further, in order to cater the increased safety stock level storing for raw materials, the warehouses among Prestar Group are shared.

Our suppliers and subcontractors played an important role in our business operations towards achieving client satisfaction and a high-quality product. Procurement procedures are in place to set up the procedures in handling and dealing with the suppliers fairly, protect the confidentiality, transact in Prestar's best interests as well as to eliminate any conflicts of interest. New and existing suppliers and/or subcontractors are required to undergo performance assessment with a set of assessment criteria, which includes quality, technical support, timeliness of delivery, etc. The result of the performance assessment will be communicated to suppliers and/or subcontractors for their rectification before being de-registered from the Approved Supplier List. In order to reduce the environmental impact of our business activities, we continuously source for and work with local suppliers whenever feasible.

ENVIRONMENTAL

Climate change's influence on the environment has received a lot of attention in the news, and we acknowledge its potential impact on our businesses. While recognising its importance, we are compiling more relevant data and information to address climate change and will include climate-related risks and opportunities as part of our risk assessment.

Our commitment to reducing our operations' environmental impact is our mission to achieve long-term development through our sustainable practices by decreasing waste and utilising resources efficiently. We believe that our pro-active environmental management initiatives will have a win-win proposition for our natural environment and benefit our community too.



SUSTAINABILITY STATEMENT (cont'd)

ENVIRONMENTAL (cont'd)

5. Pollution control

As part of the Group's commitment to reducing pollution, stringent procedures and internal continuous emission monitoring controls are implemented to ensure that our operations meet the Department of Environment's ("DOE") regulations. These efforts include the following:

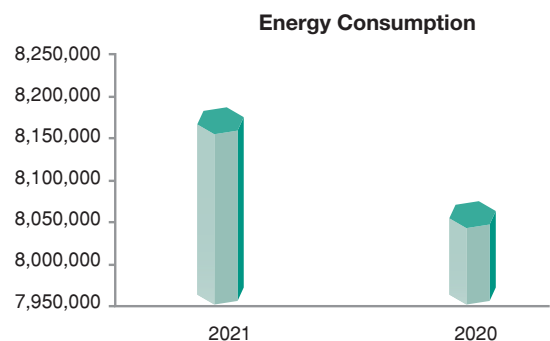
- Installing a unit of scrubber and dust controller system to remove solid particles as well as harmful air pollutants and emissions such as dust and acid fumes.
- Internal monitoring of air quality measuring total particulate matter, metals and gaseous substance, in all operating areas during the galvanising process and externally conduct air monitor test every three (3) months.
- Engaging license external party to conduct an independent review on Air Quality Test to ensure particulate matters, metals and gaseous substances emitted from chimney of our factories are within the permissible limit as prescribed under Environmental Quality (Clean Air) Regulation 2014.
- Noise assessment is performed every five (5) years and implementation of preventive action plans i.e., provision of personal hearing protectors, trainings, audiometric testing, medical examination, etc. as required under the Occupational Safety and Health (Noise Exposure) Regulations 2019.
- Having continuous review, modification and installation of equipment efforts for reduction of pollution i.e., noise and air within the business operations.

Our devotion to reducing environmental pollution has encouraged us to compile data in developing meaningful KPIs and metrics for better and clear targets for our measurement.

6. Energy emission

We are conscientious about our energy consumption behaviour. We optimise the design of our processes and look for ways to continuously assess and improve our energy consumption efficiency across all of our operations.

Our energy consumption increased correlate with the increase of production activities by 1.71% to 8,192,589kW/h in FY2021, as compared to 8,054,629kW/h in FY2020. This is correlated with the increase of production activities as the economy was recovering from the relaxation of Movement Control Order starting from second half of year 2021.



As reported in last year's Sustainability Statement, we are pleased to share that the installation of solar panel system for Prestar Storage System Sdn. Bhd. was completed on 18 November 2021 for its Plant number one. Meanwhile, another two (2) units of solar panel system installation are progressing well as planned. As the solar panel system was completed towards the year end of 2021, the total electricity generated from the solar panel system is insignificant. Nonetheless, we are confident that this strategic investment would substantially reduce the use of the non-renewable source of energy and consequently, we foresee a reduction of greenhouse gas (GHG) emission in the next three (3) to five (5) years.

We are reviewing and establishing suitable KPIs and metrics to encourage a reduction in our energy emissions progressively. We have also implemented other steps to lower overall electricity consumption as per below:



Moving into digitalisation and reducing the usage of paper. Our computer and photocopy machine also included with a power-saving setting feature to reduce the energy usage.

Switch off lights, air condition and other electrical appliances when they are not in use.



Work within working hours to minimise the use of electricity.

SUSTAINABILITY STATEMENT (cont'd)

ENVIRONMENTAL (cont'd)

7. Waste management

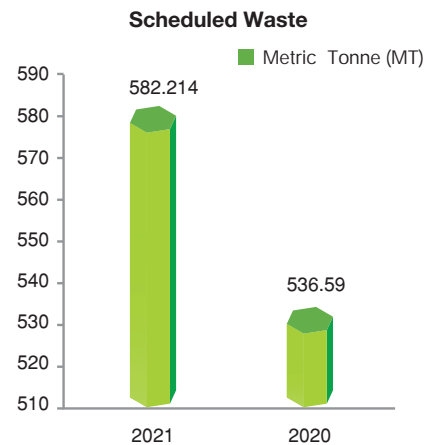
We have certified competent person for Certified Environmental Professional in Scheduled Waste Management (“CePSWaM”) to manage and assure adherence to environmental criteria and standards as per the legislative requirements. Licensed waste collectors were engaged to collect waste generated from our business units and dispose to approved facilities following the strict regulated procedures as per the legislative requirements.

Our wastes, including scheduled and unscheduled, are as follows:

➤ Scheduled wastes

Our typical scheduled wastes were broken down into four (4) types, namely rags, plastics contaminated with scheduled waste, spent mineral oil-water emulsion and non-halogenated organic solvents from our business units.

These wastes were handled by third party companies that are approved by the DOE. In FY2021, total scheduled waste generated increased by 7.84% to a total of 582.214 metric tonnes, correlating with the increase of production activities as compared to FY2020.



➤ Unscheduled wastes

We inculcated 3Rs efforts i.e., reduce, reuse, and recycle into our operations to improve overall waste management and resources utilisation. We always review our operation process and seek out innovative initiatives to reduce material and paper consumption, whenever possible. On-going initiatives include the following:

- Production of by-products i.e., product guard rail- balance plate, cold roll slit coil end, etc. are reused as washer making, end wing product and packing material, etc.
- Salvage used wooden pallet for in-house and finished goods packing.
- Use ratchet strap belt instead of steel or Polyvinyl Chloride (PVC) strapping belt for work-in-progress goods packing.
- Custom made steel case that can be reused for work-in-progress goods storage.
- Modified wooden crate to hybrid crate which is consist of steel body and wooden base to increase its life shelf.

Paper wastes are typically common in our operations processes, hence, employees are encouraged to print double-sided and reuse of single sided-paper with non-confidential information on it. Recycle bins are set up at designated areas encouraging our employees to separate the waste following the used papers, glasses and plastics categories. Such efforts not only save costs and reduce our production costs, but they also generate a small amount of additional revenue for the Company.

We are in the midst of assembling a collection of KPIs, metrics and targets for the use as a starting point to design and build the scorecards for the waste management with the perspective of eliminating waste and corporate perspective of achieving strategic goals.

8. Compliance with environmental laws and regulations

We are mandated to follow environmental laws and regulations, and we have taken proactive measures to remedy any environmental issues. Standard operating procedures, internal and external audits, and local authority inspections, trainings, among other things, are in place to reinforce compliance with regulatory requirements, as well to advocate our employees to fully comprehend our environmental standards and all areas of sustainability aiming to reduce regulatory exposures to our businesses.

In addition to the certified competent person for CePSWaM as mentioned in *Waste Management Section*, we have employees who are qualified as Certified Environmental Professional in Scrubber Operation (CePSO) and Certified Environmental Professional in Bag Filter Operation (CePBFO), possess the relevant knowledge and were trained to handle and manage certain environmental requirements and standards.



SUSTAINABILITY STATEMENT (cont'd)

ENVIRONMENTAL (cont'd)

8. Compliance with environmental laws and regulations (cont'd)

With the effective policies and procedures in place, we maintain 100% compliance and uphold the highest standards and performance. As a result, no sanctions were resulted from non-compliance for our operations in FY2021 (FY2020: Nil).

In order to align with our commitment towards minimising environmental pollution, we are compiling a collection of KPIs for designing and establishing targets in the perspective of environmental laws and regulations compliance.

SOCIAL

9. Diversity and equal opportunities

In Prestar, we are cognisant of the importance of employees in playing a key role contributing to Group's business operations and sustainability activities. We endeavour to create a conducive working environment possible for them, allowing them to be innovative and utilise their skills and expertise to their maximum potential. We look out for our employees and make sure they have a sense of belonging to the Company and attain higher motivation in performing their job. This is the only way the Group can achieve long-term growth while remain focused on our objectives.

We have implemented several diversity initiatives that focused on our employees' skill sets, experience, and backgrounds, independent of colour, religion, sex, gender, national origin, disability status, or any other protected trait under human resource and human rights laws. In Prestar, we provide equitable employment chances to all applicants, regardless of their abilities, experience, age, ethnicity, or gender.

10. Gender diversity

The Group employed a total of 565 people in FY2021 (FY2020: 571 people), including both full-time and contractual employees.

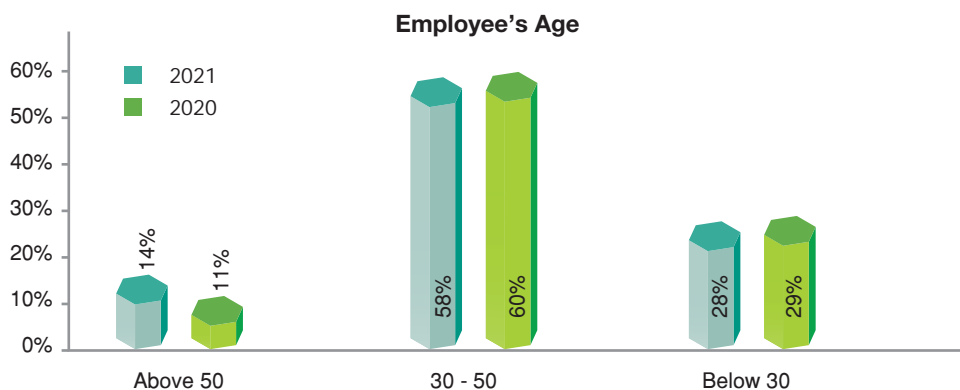
We recognise the importance of gender equality, however, due to the nature of manufacturing industry, the gender ratio of male employees was consistently larger than female employees, at 75%:25% in both FY2021 and FY2020. We will continue to encourage the recruitment of female employees in all facets of our organisation.

Similar to the setting of economic and environmental KPIs and metrics within the Group, we are currently studying to establish realistic gender and mixed age group KPIs, metrics and targets based on the available analysis and data which we have compiled.

11. Age diversity

The Group's workforce for FY2021 is made up of 28% (FY2020: 29%) of young people under the age of 30, and 58% (FY2020: 60%) of those aged 30 to 50 years old. Our experienced employees aged above 50 years old represent the remaining 14% (FY2020: 11%) of our workforce and they are our source of wisdom capital, offering guidance, direction, and mentorship to our younger colleagues.

The chart below illustrates the number of employees by age group.



SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

12. Employee management

12.1 Training and development

We are committed to train and enhance our workers' professional industrial skills and expertise, while creating a conducive environment for them to achieve their goals, at the same time, nurturing an exceptional and proactive team. We believe that investing in employee training certainly assists their personal development and growth, and overall growth of our Company. The Group has set aside an annual budget for each division to find and construct appropriate training and development opportunities for our employees. Additionally, external training programmes were also provided for our employees to keep abreast of the current economic and market topics.

In FY2021, we recorded a total of 1,295 training hours provided to employees, the training courses include professional and personal development, performed by in-house internal and external trainers, webinars, and public programmes (FY2020: 2,032 training hours). The reduced training hours in FY2021 were due to our efforts to minimise contact within production workers by reduction of physical in-house-external training programme and almost three (3) months of the Movement Control Order.

We conducted many training programmes in FY2021 and FY2020, both internally and externally as outlined below:

Training Types	FY2021			FY2020		
	Number of pax	Training hours	Total cost (RM)	Number of pax	Training hours	Total cost (RM)
In House - Internal Trainer	100	288	NIL	77	132	NIL
In House - External Trainer	68	364	13,632	204	1,532	20,000
In House – Webinar	110	643	6,664	68	280	4,810
Public Program	NIL	NIL	NIL	3	88	8,215
TOTAL	278	1,295	20,296	352	2,032	33,025

In order to take a step further, we plan to roll out the setting of KPIs, metrics and targets, for the training and development in Human Resource Department and other operational departments in the financial year ending 31 December 2022.

12.2 Internship

The Group established an Internship Program to provide internship opportunities for undergraduate students who wish to get practical experience and training and have the potential of being hired as permanent employees after the internship. In FY2021, two (2) students have completed their internships with Prestar, and one of them chose to stay with us, joining the Quality Assurance Quality Control Department.

13. Product and service quality

Four (4) subsidiaries of Prestar have achieved internationally in recognising the quality assurance standards in their production/operation management system i.e., ISO 9001:2015 Quality Management System accreditation. This endorsement signifies that the Group:

- consistently supplies its products and services that suit the demands of customers while also complying with applicable statutory and regulatory requirements; and
- strives to promote customers' satisfaction through effective system application, including improvement of system processes and verification of system that is adherence to customer and applicable legislative and regulatory requirements.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

13. Product and service quality (cont'd)

Name of Accreditation & Standards	Name of Our Subsidiaries	Scope Applicable
ISO 9001:2015 (Quality Management System)	Prestar Precision Tube Sdn. Bhd.	<ul style="list-style-type: none"> • Manufacture of ERW carbon steel tubes • Manufacturing of carbon steel, and other alloy pipes and tubes • Trading of stainless steel, carbon steel and other alloy products
	Dai Dong Steel Sdn. Bhd.	<ul style="list-style-type: none"> • Trading of stainless steel, carbon steel, and other alloy related products
	Prestar Galvanising Sdn. Bhd.	<ul style="list-style-type: none"> • Provision of hot-dip galvanising services
	Prestar Engineering Sdn. Bhd.	<ul style="list-style-type: none"> • Manufacture of highway guardrails and accessories

Having an international standard accreditation reaffirms that the Group's dynamic quality management system is in place to create customers' confidence in the Group's products and services.

Several initiatives were also introduced for continuous improvement to equip our people with cultural knowledge understanding, and skills to contribute effectively. Since July 2006, we have kick-off the Kaizen Initiative, a Sino-Japanese term for "continuous improvement", to ensure that our products and services remain current and meet customers' needs. Through Kaizen Initiative, it involves all departments including the Senior Management. Bi-monthly meetings are held with the respective division Department Heads, focusing mainly on challenges and non-achievement of targets, using the root cause analysis to drive process improvement plan and the methods used to analyse the issues, with the ultimate objective of production efficiency improvement and reduction of wastages.

Prestar is currently compiling and developing the customers' satisfaction KPIs and metrics as a measurement tool to create clear targets for the Group's business performances. The clients' satisfaction score will assist in providing feedback and as part of improving Prestar's business sustainability.



14. Community engagement and development

The Group is dedicated to preserving our community's well-being, and we believe that we have a responsibility to contribute back to the society and create a good influence. Through our Corporate Social Responsibility ("CSR") programmes, we actively engaged with our local community, instilling these values into our business processes, while maintaining a strong commitment to the local community and the stakeholders.

In view of the COVID-19 pandemic is still subsisting and to safeguard the safety and health of our employees, the CSR programmes have been fairly constrained in FY2021, recorded a total of RM20,306 (FY2020: RM22,500) contribution.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

14. Community engagement and development (cont'd)

CSR activities held include:

Engaging with Local Communities

- Angpau, gift and groceries to Bethesda House and Chester Selangor Welfare Organisation
- Visit to Pertubuhan Kebajikan Rumah Impiah OKU Sentul and Persatuan Kebajikan OKU Hati Berganda, Selayang

Charitable & Sponsorship Activities

- Donation to Rawang Badminton Club, Selangor
- Donation to employees diagnosed with serious illnesses i.e., ischemic stroke
- Donation to Dignity Farm School i.e., wheelbarrow and trolley

We are in the midst of establishing KPIs and targets for our engagement with the community and employees as emphasised in other sections of this Sustainability Statement.



15. Safety and Health ("SH")

SH procedures are at the heart of our operations at Prestar. We enhance our safety standards regularly to mitigate workplace accidents and provide a safe working environment for our employees.

The SH is overseen by a team of SH Committee formed at each of our subsidiaries across the Group, which include both employer and employee representatives. Each SH Committee meets once every quarter to help manage workplace SH programmes. The meetings cover topics such as the most recent accident statistics, safety improvement measures, and all other SH-related issues. The SH Committees also exchanged SH information and advice.

The following are some of the activities and actions in place to reduce the SH risk and hazards:

<p>REDUCE SH RISK and HAZARDS</p>		Policy and Procedures
		Provision of Personal Protective Equipment ("PPE")
		Line leader and supervisor supervision
		Competent person in handling machinery and equipment (i.e. Boiler)

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

15. Safety and Health (“SH”) (cont'd)

Aside from the aforementioned, the employees are nominated by their respective business Department Heads to participate in internal and external training programmes regularly. All external trainings were provided by the outsourced consultants, whilst our internal trainings, which focused mostly on workplace safety, were conducted by our employees. The on-going emphasis on safety awareness throughout the training and awareness sessions aids in the identification of ways to improve our employees’ SH.

Prestar’s internal safety trainings for FY2021 included the following:



With continuous efforts and measures in place, major accident cases were reduced by 36% i.e., from eleven (11) cases in FY2020 to seven (7) cases in FY2021. Overall, the Group’s total number of major cases in FY2021 resulting in LTI reduced by 44% to 86 days as compared to FY2020, as shown below:

Details	Major (No. of cases)		Minor (No. of cases)		Near misses (No. of cases)	
	2021	2020	2021	2020	2021	2020
Total accidents	7	11	7	12	2	2
Total LTI - Days	86	154	12	17	-	-

Definition:

- *Major* – accidents that cause employees to be on medical leave for more than four (4) days.
- *Minor* – accidents that cause employees to be on medical leave for less than four (4) days or without any injuries.
- *Near miss accident* – an unplanned accident that has the potential to cause but does not result in human injury, environmental or equipment damage, or an interruption to the Group’s normal operations.

In order to enable quick replies and accurately support, our performance statistics on injury frequency rate for industrial accidents and work-related incidents are classified as “major” or “minor”.

A near-miss accident is determined by the employees’ report to Management. We analysed the root cause of all accidents and implemented remedial and preventive action plans to prevent future accidents/incidents.

SH is a top priority in any business mainly because it deals with human lives. We closely monitor and track the frequency of accidents information and data that reflects leading indicator are reviewed to prevent accidents and strengthen other SH outcomes in the workplace. In view of its criticality, we are intensifying efforts to compile data for the KPIs, metrics and targets to be able to adopt in the future.

15.1 COVID-19 pandemic

As the world is moving towards endemic and living with COVID-19, we are glad to announce that despite emerging of COVID-19 variants and Omicron wave in Malaysia, Prestar has not been fined by any authority for breaching of COVID-19 Standard Operating Procedures (“SOP”). In order to prevent an outbreak and cluster of COVID-19 among our employees, we established a policy and SOP for COVID-19 control measures. Malaysia’s National Security Council, or Majlis Keselamatan Negara (“MKN”), MOH, and Ministry of International Trade and Industry (“MITI”) proposed that Prestar executes various control procedures.




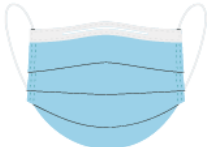



SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

15. Safety and Health ("SH") (cont'd)

15.1 COVID-19 pandemic (cont'd)

Control measures implemented based on MKN, MOH and MITI's requirements included:

 <p>Temperature screening at all entrance</p>	 <p>Rapid Antigen Test is required for every week for production worker and twice a week for a non-production worker</p>	 <p>Provide signage and encourage social distancing in the public areas</p>	 <p>Provide sufficient PPE for disinfection team and mask to all our employees</p>
 <p>Daily health self-declaration and My Sejahtera scanning at all entrance</p>	 <p>Covid-19 Compliance Checklist are performed on a daily basis by Safety and Health Committee Member</p>	 <p>Hand sanitisation is placed at public and accessible at all around the premises</p>	

COVID-19 Emergency Response team was formed to improve the effectiveness of communicating, opposing, and implementing COVID-19's necessary preventive actions. We are taking the appropriate precautions to ensure our employees are protected, and that any disruption to our operations are minimised. COVID-19 information is a compulsory agenda during our SH Committee meetings that are held quarterly.

GOING FORWARD

We recognise the importance of integration of sustainability in business operations in contribution to stable and long-term growth of Prestar. Guided by the MCCG 2021, Prestar will review the gaps and enhancement opportunities in existing sustainability initiatives, sustainability disclosure and performance.



CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021

The Board of Directors (“the Board”) of Prestar Resources Berhad (“PRB” or “the Company”) recognises and acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance (“MCCG”). The Board is fully committed to maintain high standards of corporate governance practices throughout the Company and its subsidiaries (“the Group”) to sustain the performance, protect and enhance long-term shareholders’ value and stakeholders’ interest.

In line with this, the Board is committed to the Company’s policy of managing the affairs of the Group with transparency, integrity and accountability by ensuring that a sound framework of the best corporate practices is in place at all levels of the Group’s businesses and thus, discharging its principal responsibility towards protecting and enhancing long-term shareholders’ value and stakeholders’ interest.

The Board is pleased to present this Corporate Governance Overview Statement (“CG Overview Statement”) for the financial year ended 31 December 2021 (“FYE 2021”) which is prepared pursuant to Paragraph 15.25(1) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) Main Market Listing Requirements (“MMLR”) with guidance from Practice Note 9 of Bursa Malaysia Securities MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities. This CG Overview Statement is to be read together with the comprehensive Corporate Governance Report (“CG Report”) as published on the Company’s website at www.prestar.com.my. The CG Report is based on a prescribed format as outlined under Paragraph 15.25(2) of Bursa Malaysia Securities MMLR.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Part I : Board responsibilities

1) Clear functions, roles and responsibilities of the Board and Management

- i) The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives, formulating the policies and executing the key strategic action plans. The Board regularly reviews the Group’s business operations and maintains full and effective control over the management of the Group.

The duties and responsibilities of the Board include determining the Group’s overall strategic plans, performing periodic reviews of business and financial performance, as well as adopting and implementing practical risk management and internal control system within the Group.

The roles and duties of the Non-Executive Chairman, Group Managing Director, Group Executive Directors and Executive Directors of the Company are clearly identified and separated to ensure effective operations of the Group.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. The standing Board Committees include the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Employees’ Share Option Scheme (“ESOS”) Committee. It is the general policy of the Group that all major decisions shall be considered by the Board.

The Chairman of the Board is also a member of RC and NC.

- ii) The Board reviews the sustainability, effectiveness and implementation of the strategic plans and provides guidance and input to Management. In order to ensure the effective discharge of its functions and duties, the principal responsibilities of the Board include, among others, the following:
- Review and adopt strategic business continuity plan for the Company and the Group;
 - Oversee and monitor the conduct of the Group’s businesses and financial performance;
 - Review and adopt the budgets and financial results of the Company and the Group as well as monitor the compliance with applicable accounting standards and the integrity and adequacy of the financial information disclosures;
 - Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
 - Review the adequacy and integrity of the Company’s and the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines; and
 - Establish authority control parameters for the top Management and Executive Directors of the Group for control and planning so as to safeguard the interests of the Group, and to facilitate the functioning of the Group’s operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part I : Board responsibilities (cont'd)

1) Clear functions, roles and responsibilities of the Board and Management (cont'd)

iii) Role of Company Secretaries

The Board is assisted by two (2) Chartered Company Secretaries (outsourced) who carry out the responsibilities of the company secretarial functions for the Group. The main duties of the Company Secretaries, among others, are as follows:

- Ensure compliance of Bursa Malaysia Securities MMLR and related statutory obligations and requirements as well as updating the Board regularly on all relevant changes to Bursa Malaysia Securities MMLR and statutory requirements;
- Attend Board meetings, Board Committees meetings and general meetings, and ensure proper recording of proceedings as well as follow-up on matters arising from the aforesaid meetings;
- Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and minutes of meetings; and
- Assist the Chairmen in the preparation for and conduct of various meetings of the Board, Board Committees and general meetings.

Both Company Secretaries have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

iv) Access to information and advice

All Directors of the Company are provided with the agenda and information necessary for them to deal with prior to each Board meeting. Senior management team was invited to attend the Board meetings to provide the Board with detailed explanations and clarifications on certain matters that were tabled to the Board. The meeting papers include, amongst others, Quarterly Financial Report, Internal Audit Report, significant financial data and corporate issues, Risk Management Committee Progress Report, minutes of all Board Committees meetings, list of all announcements made, summary of Directors' dealings, list of all Board Circular Resolutions passed and any other matters requiring the Board's approval, confirmation and notation.

All Directors of the Company have full access to the advices and services of the Company Secretaries as well as access to the information within the Group, whether as a full Board or in their individual capacity for discharging their duties.

The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

2) Demarcation of responsibilities

i) Board Charter

The Board Charter sets out the roles, duties and responsibilities of the Board and the application of principles and practices of good corporate governance. The Board Charter was adopted by the Board on 25 April 2013 and the last review of the Board Charter by the Board was on 10 April 2018.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendments to the Board Charter can only be approved by the Board.

The Board Charter is available on the Company's corporate website at www.prestar.com.my.

3) Good business conduct and corporate culture

i) Code of Conduct and Ethics ("the Code")

The Board has established the Code which provides ethical guides on the standards of behaviour expected from all Directors of the Group, during the conduct of business for the Group. For all intents and purposes, all Directors of the Group shall always observe and ensure compliance with all applicable laws and regulations to which they are bound to observe in discharging their duties and responsibilities. The Code was initially adopted on 24 November 2016 and was reviewed by the Board on 14 May 2020. It is available on the Company's corporate website at www.prestar.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part I : Board responsibilities (cont'd)

3) Good business conduct and corporate culture (cont'd)

ii) Whistleblowing Policy (“WBP”)

The Board has established a WBP to uphold the Group's effort and commitment in doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process in handling the whistleblowing reports. The WBP will serve as an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the stakeholders.

The WBP was originally adopted by the Board on 24 November 2016 and was reviewed by the Board on 14 May 2020. The WBP is available on the Company's corporate website at www.prestar.com.my.

iii) Anti-Bribery and Anti-Corruption (“ABAC”) Policy and Guidelines

The Group is committed to fostering an anti-corruption culture and ensuring that its business activities and transactions are open, transparent and conducted in accordance with its policies and the legislations which govern its operations. In order to be consistent with this commitment and in ensuring the Group's readiness for the enforcement of the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group has formalised its Group ABAC Policy and Guidelines on 1 June 2020 to ensure that the Group practises ethical business dealings and strengthen measures to minimise the risks of corruption and bribery in the Group's business activities.

The Group ABAC Policy and Guidelines which is guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, applies to all Directors and employees of the Group. The Group ABAC Policy and Guidelines is available on the Company's corporate website at www.prestar.com.my.

4) Sustainability risks and opportunities

The Board is responsible for managing the sustainability matters of the Group. The Group has established a Sustainability Committee (“SSC”) comprising Executive Directors of the Company and certain key Management staff. The SSC reports to the Group Managing Director who in turn reports the progress and updates to the Board annually and seeks their advice on related issues.

Sustainability agenda has also been entrenched into the Group's business model aligned to the corporate strategy, culture and values and way of doing business for the Group.

Moreover, the Board endorses Group Sustainability Report each year prior to publication. The Sustainability Report comprises the Group's sustainability strategies, priorities, targets and performance and communications to various parties i.e., internal and external stakeholders.

In line with the integration of sustainability considerations into corporate strategy, governance and decision-making, as well as the impact of the environmental, social and governance (“ESG”) issues, the Company had organised an ESG training to the Board and key Management. However, the climate-related risks and opportunities were not included in the training programme.

The Board will continue engaging with sustainability issues relevant to the Company and its businesses, including climate-related risks and opportunities in the near future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition

5) Board's objectivity

i) Composition of the Board

The Board had eleven (11) Board members at the beginning of FYE 2021 and upon the retirement of Mr. Toh Yew Keat on 9 May 2021, the Board presently has ten (10) members, comprising five (5) Executive Directors and five (5) Independent Non-Executive Directors of the Company, which complies with the prescribed requirement of one-third (1/3) of the Board to be independent as stated in Paragraph 15.02 of Bursa Malaysia Securities MMLR. In addition, the Company also complies with the requirement of Practice 5.2 of the MCGG which requires that at least half of the Board comprises Independent Non-Executive Directors.

The diverse background of the members of the Board who come from various fields such as legal, finance, commercial and technical experiences form invaluable assets to the Company.

The presence of Independent Non-Executive Directors of the Company fulfils the pivotal role in corporate accountability. The role of Independent Non-Executive Directors of the Company is particularly important as they provide unbiased and independent views, advices and judgements taking into account of the interests, not only of the Group, but also the stakeholders.

The profile of each Director is presented in another section of this Annual Report.

ii) Independent Non-Executive Directors, Board diversity and key Management

a) Tenure of Independent Non-Executive Director

At the time of writing this CG Overview Statement, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Dato' Lim Cheang Nyok, Mr. Lou Swee You and Encik Md. Nahar Bin Noordin had served on the Board as Independent Non-Executive Directors of the Company for more than nine (9) years. During their tenure, they have continued to exercise their independence and carried out their professional duties in the best interests of the Company and shareholders.

b) Policy of Independent Non-Executive Director's tenure

The Company does not have a policy which limits the tenure of its Independent Non-Executive Directors to nine (9) years. The shareholders' approval is sought at every Annual General Meeting ("AGM") to retain the Independent Non-Executive Directors of the Company who have served on the Board for more than nine (9) years. The Independent Non-Executive Directors of the Company (except for Encik Md. Nahar Bin Noordin, who shall retire by rotation at the forthcoming AGM of the Company, has indicated that he shall not seek for re-election at the aforesaid AGM of the Company) who have served for more than nine (9) years shall be tabled to the shareholders for approval at every AGM through a two-tier voting process according to Practice 5.3 of the MCGG.

The NC has assessed and determined that the Independent Non-Executive Directors of the Company who have served on the Board for more than twelve (12) years remained objective and independent. Based on the aforesaid assessment, the NC then recommended to the Board that the aforesaid Independent Non-Executive Directors should be retained as Independent Non-Executive Directors of the Company and that the same to be tabled to the shareholders for approval through a two-tier voting process at the forthcoming AGM of the Company.

The NC took cognisance of Practice 5.1 and the recent amendments to Bursa Malaysia Securities MMLR in connection with the independence of Director which will take effect on 1 June 2023 and has commenced the restructuring exercise on the composition of the Board and will seek suitable calibre candidates as Independent Non-Executive Directors of the Company to comply with the aforesaid requirements.

c) Diverse Board and senior management team

Appointment of Board and senior management are based on objective criteria, merit and due regard for diversity in skills, experience, age, cultural background and gender. Please refer to the Profile of Directors and the Management team in other sections of this Annual Report for further information.



CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

5) Board's objectivity (cont'd)

ii) Independent Non-Executive Directors, Board diversity and key Management (cont'd)

d) Gender Diversity Policy

The Board acknowledges the importance of boardroom diversity, including gender diversity, to the effective functioning of the Board. As such, female representation on the Board will be considered when vacancies arise or suitable candidates are identified in line with the Group's strategic objectives.

The Board has established a Gender Diversity Policy and would ensure that there is no discrimination based on, but not limited to ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Directors of the Company. The Gender Diversity Policy is available on the Company's corporate website at www.prestar.com.my. However, the Company has not established policy on gender diversity for the senior management.

e) New candidates for Board's appointment

While the Board is responsible for the appointment of new Directors of the Company, the NC is delegated with the role of screening and conducting an initial selection, which include external and independent searches, before making a recommendation to the Board for approval. The NC evaluates the candidate(s) for appointment as Director based on the mix of skills, expertise, working experience, professionalism, integrity and the ability to discharge their expected duties and responsibilities.

There was no new member appointed to the Board during FYE 2021.

iii) Nomination Committee

The NC consists of four (4) members, all of which are Independent Non-Executive Directors of the Company and the composition of the NC is as follows:

Members	Designation	Number of NC meetings attended/held in the financial year under review
Dato' Lim Cheang Nyok	Chairman	1/1
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member	1/1
Lou Swee You	Member	1/1
Shamsudin @ Samad Bin Kassim	Member	1/1

The primary duties and functions of the NC are summarised as follows:

- To identify new candidates for the Board after assessing the suitability of candidates based on the criteria adopted;
- To consider and recommend to the Board, candidates for directorship, proposed by the Group Managing Director, any senior management, any Director or any shareholder;
- To recommend the nominees to fill the seat on the Board Committees;
- To assess the effectiveness of the Board as a whole, each individual Director and AC member and Committees of the Board; and
- To consider and examine such other matters as the NC considers appropriate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

5) Board's objectivity (cont'd)

iii) Nomination Committee (cont'd)

The main activities of the NC during FYE 2021 include the following:

- a) Reviewed the required mix of skills, experience and other qualities of the Board;
- b) Assessed the effectiveness of the Board as a whole and the Board Committees including the AC;
- c) Assessed the contribution and performance of each individual Director of the Company and AC member;
- d) Assessed the independency of the Independent Non-Executive Directors of the Company;
- e) Reviewed and recommended to the Board, the re-election of the Directors of the Company who shall retire at the AGM of the Company; and
- f) Reviewed and recommended to the Board, the retention of the Independent Non-Executive Directors of the Company in accordance with the MCCG.

The full terms of reference of the NC, outlining the NC's objectives, composition, retirement and resignation, proceeding of meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

Reinforce independence: Annual assessment of independence of Directors

The Board adopts the concept of independence in tandem with the definition of Independent Non-Executive Director as prescribed under Paragraph 1.01 of Bursa Malaysia Securities MMLR. The Board also carries out an annual assessment of the independence of its Independent Non-Executive Directors through the assistance of the NC.

The Board considers that its Independent Non-Executive Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees levels. All the Independent Non-Executive Directors of the Company are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

Re-election of Directors

In accordance with Clause 118 of the Company's Constitution, at least one-third (1/3) of the Directors of the Company, or the number nearest to one-third (1/3) shall retire from office provided always that all Directors including a Managing Director or Deputy Managing Director shall retire from office at least once in each three (3) years but shall be eligible for re-election.

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the AGM.

iv) ESOS Committee

In line with the implementation of the ESOS, an ESOS Committee was established by the Board on 21 April 2014 to oversee the administration as well as to ensure proper implementation of the ESOS in accordance with the By-Laws of the ESOS.

The members of the ESOS Committee are as follows:

Dato' Lim Cheang Nyok	Chairman (<i>Independent Non-Executive Director</i>)
Dato' Toh Yew Peng	Member (<i>Group Managing Director</i>)
Mr. Toh Yew Seng	Member (<i>Group Executive Director</i>)



CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

6) Overall Board effectiveness

i) Annual evaluation of the Board

The Board had through the NC undertakes the following assessments annually:

- (a) Effectiveness of the Board as a whole and the Committees of the Board;
- (b) Contribution and performance of the AC and each individual AC member;
- (c) Contribution and performance of each individual Director of the Company; and
- (d) Independence of the Independent Non-Executive Directors of the Company.

The Board Effectiveness Evaluation for FYE 2021 included the assessment of the Board's understanding on sustainability issues that are critical to the Company's performance.

The outcome of the abovementioned annual assessments is disclosed in the CG Report which is available on the Company's corporate website at www.prestar.com.my.

ii) Board meetings

The Board intends to meet at least four (4) times a year, with additional meetings to be convened where necessary.

During FYE 2021, a total of four (4) Board meetings were held and the details of each Director's attendance at the Board meetings are as follows:

Name of Directors	No. of Meetings attended	% of attendance
Shamsudin @ Samad Bin Kassim	4 / 4	100
Toh Yew Keat* (retired w.e.f. 9 May 2021)	1 / 1*	100
Dato' Toh Yew Peng	4 / 4	100
Toh Yew Kar	4 / 4	100
Toh Yew Seng	4 / 4	100
Toh Yew Chin	4 / 4	100
Kenny Toh Jin Tat	4 / 4	100
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4 / 4	100
Md. Nahar Bin Noordin	4 / 4	100
Dato' Lim Cheang Nyok	4 / 4	100
Lou Swee You	4 / 4	100

* Reflects the number of meetings held during FYE 2021 before his retirement as Director.

In the intervals between the Board meetings, the Board's approvals are obtained via circular resolutions for exceptional matters requiring urgent Board's decisions which are supported by the relevant information in order to form an informed decision. In order to facilitate the Directors' planning and time management, an annual meeting calendar is prepared and given to the Directors of the Company before the beginning of each financial year.

The Board is satisfied with the time commitment given by the Directors of the Company. All Directors of the Company do not hold more than five (5) directorships in the public listed companies as stipulated under Paragraph 15.06 of Bursa Malaysia Securities MMLR. If any Director of the Company wishes to accept a new directorship in the public listed companies, the Chairman will be informed prior to the aforesaid appointment together with indication of time that will be spent on the aforesaid new appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

6) Overall Board effectiveness

iii) Directors' training

All Directors of the Company have attended the Mandatory Accreditation Programme (“MAP”) and are encouraged to attend training programmes on a continual basis to enhance their knowledge and keep abreast with the latest technological market and recent developments in regulations and business practices.

The Board empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's businesses and operations.

During FYE 2021, the Directors had attended various talks and seminars organised by Bursa Malaysia Securities and other local training organisations as follows:

Attended by	Seminars/Programmes
Shamsudin @ Samad Bin Kassim Dato' Toh Yew Peng Toh Yew Kar Toh Yew Seng Toh Yew Chin Tuan Haji Fadzlullah Shuhaimi Bin Salleh Md. Nahar Bin Noordin Lou Swee You	<ul style="list-style-type: none"> Webinar on ESG: What Is It and Why Should It Matter to You
Kenny Toh Jin Tat	<ul style="list-style-type: none"> Webinar on ESG: What Is It and Why Should It Matter to You Workshop on Scope and Materiality in Sustainability Reporting 2021
Dato' Lim Cheang Nyok	<ul style="list-style-type: none"> Webinar on ESG: What Is It and Why Should It Matter to You Webinar on CPD Camps Live - Basics of Criminal Litigation

In addition, the Company Secretaries, external auditors and internal auditors also update the Board on a regular basis on the respective changes and amendments to regulatory requirements, laws and accounting standards to assist the Board to keep abreast of such developments.

Part III: Remuneration

7) Remuneration Policy

The Company has in place a Remuneration Policy for Directors and senior management which sets out the criteria applied in recommending their remuneration packages.

The objective of the Group's Remuneration Policy is to attract and retain the Directors and senior management of the Group that could lead the Group to achieve its long-term goals and enhance shareholders' value.

In the case of Executive Directors and senior management of the Group, the components of the remuneration packages are structured so as to link rewards to the corporate and individual performance. The level of remuneration of the Non-Executive Directors of the Company is reflective of their experience, time commitment and level of responsibilities as well as market norm and practices.



CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

8) Remuneration Committee

The RC assists the Board in assessing the remuneration packages of the Executive Directors of the Company with a view to ensure that a competitive remuneration package is offered to attract and retain the talented individuals to serve as Executive Directors of the Company.

The RC considers the principles recommended by MCCG in determining the Directors' remuneration whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectation and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

The RC reviews the Directors' fees and benefits and proposes to the Board for approval and recommendation to the shareholders for approval at the AGM of the Company.

The RC consists of four (4) members, all of which are Independent Non-Executive Directors of the Company, and the composition of the RC is as follows:

Members	Designation	Number of RC meetings attended/held in the financial year under review
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Chairman	1/1
Md. Nahar Bin Noordin	Member	1/1
Lou Swee You	Member	1/1
Shamsudin @ Samad Bin Kassim	Member	1/1

The full terms of reference of the RC, outlining the RC's objectives, composition, retirement and resignation, proceeding of meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

9) Directors' remuneration

The details of remuneration of the Directors of the Company comprising remuneration received/receivable from the Company and its subsidiaries during FYE 2021 are as follows:

(a) Company (RM' 000)

Name of Directors	Fees	Salaries and/or allowance	Bonuses	Benefit-in-kind	EPF and SOCSO	Total
Non-Executive Directors						
Md. Nahar Bin Noordin	46	2	0	0	0	48
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	49	3	0	0	0	52
Dato' Lim Cheang Nyok	49	3	0	0	0	52
Lou Swee You	51	3	0	0	0	54
Shamsudin @ Samad Bin Kassim	70	2	0	0	0	72
Sub-Total	265	13	0	0	0	278

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

9) Directors' remuneration (cont'd)

(a) Company (RM' 000) (cont'd)

Name of Directors	Fees	Salaries and/or allowance	Bonuses	Benefit-in-kind	EPF and SOCSO	Total
Executive Directors						
Toh Yew Keat <i>(Retired w.e.f. 9 May 2021)</i>	5	0	0	0	0	5
Dato' Toh Yew Peng	15	847	423	36	140	1,461
Toh Yew Seng	15	0	0	0	0	15
Toh Yew Kar	15	0	0	0	0	15
Toh Yew Chin	20	0	0	0	0	20
Kenny Toh Jin Tat	15	0	0	0	0	15
Sub-Total	85	847	423	36	140	1,531
Total Company	350	860	423	36	140	1,809

(b) Group (RM' 000)

Name of Directors	Fees	Salaries and/or allowance	Bonuses	Benefit-in-kind	EPF and SOCSO	Total
Non-Executive Directors						
Md. Nahar Bin Noordin	46	2	0	0	0	48
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	49	3	0	0	0	52
Dato' Lim Cheang Nyok	49	3	0	0	0	52
Lou Swee You	51	3	0	0	0	54
Shamsudin @ Samad Bin Kassim	70	2	0	0	0	72
Sub-Total	265	13	0	0	0	278
Executive Directors						
Toh Yew Keat <i>(Retired w.e.f. 9 May 2021)</i>	5	312	16	13	31	377
Dato' Toh Yew Peng	15	1,435	546	36	219	2,251
Toh Yew Seng	15	1,201	537	28	258	2,039
Toh Yew Kar	15	693	134	53	92	987
Toh Yew Chin	20	405	41	0	86	552
Kenny Toh Jin Tat	15	353	720	33	205	1,326
Sub-Total	85	4,399	1,994	163	891	7,532
Total Group	350	4,412	1,994	163	891	7,810



CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

10) Remuneration of top five (5) senior management staff

For FYE 2021, the top five (5) senior management's remuneration components including salary, bonus, benefit-in-kind and other emoluments in bands of RM50,000.00 are shown as follows:

Range of Remuneration (RM)	No. of person
400,001 - 450,000	2
700,001 - 750,000	1
800,001 - 850,000	1
1,150,001 - 1,200,000	1

Note: Successive bands of RM50,000.00 are not shown entirely as they are not represented.

Detail remuneration components and name of top five (5) key Management team are not disclosed as the Board is of the view that the detail disclosures of individual remuneration information are sensitive and proprietary, and the information may be wrongly used or quoted by certain parties. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

11) Audit Committee

The AC consists of three (3) Independent Non-Executive Directors of the Company, which complies with Paragraph 15.09(1)(c) of Bursa Malaysia Securities MMLR whereby the AC shall only consist of Non-Executive Directors and majority of whom are Independent Non-Executive Directors. In line with Practice 9.1 and Step-Up Practice 9.4 of the MCCG, the AC comprises solely of Independent Non-Executive Directors of the Company and the Chairman of the AC, Mr. Lou Swee You, is not the Chairman of the Board. For detailed information on the AC with regards to its composition, activities and its report, please refer to the AC Report in this Annual Report.

None of the AC members was a former partner of the external audit firm of the Company i.e., the former partners of the audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.). In line with the MCCG, the Board has adopted the revised terms of reference of the AC to require a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before he/she could be appointed as a member of the AC.

All members of the AC have the relevant accounting, finance and/or related financial experience and expertise to effectively discharge their duties. The qualification and experience of the individual AC members are disclosed in the Profile of Directors in this Annual Report.

12) Suitability, objectivity and independence of the external auditors

The Board, through the AC maintains a formal and transparent relationship with its external auditors in seeking professional advice. The AC meets with the external auditors without the presence of the Executive Board members and Management at least twice a year regarding audit planning, adequacy of controls, and other relevant audit and accounting issues.

The AC is assigned to assess, review and supervise the performance, suitability and independence of the external auditors. Evaluation of the external auditors is carried out on a yearly basis to determine its' continuance suitability and independence via a formal assessment form. The AC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the Malaysian Institute of Accountants' By-Law (on Professional Ethics, Conduct and Practice).

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

13) Group Risk Management Committee (“GRMC”)

The Board acknowledges that there are inherent risks associated with the businesses carried out by the Group. The GRMC assists the Board to continuously review the activities of the Group to identify key business and operational risks and where possible, implement policies and procedures to address such risks.

All subsidiaries have their own Risk Management Unit to review, monitor and assess risk portfolio composition of significant activities within each subsidiary. The Risk Management Unit provides the GRMC with periodical reports on the status of risk management in individual subsidiaries. The GRMC reviews the Group’s overall risks by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis. The Risk Management Committee Progress Reports are further presented to the AC and thereafter, to the Board for their deliberations.

14) Sound risk management and internal audit function

The Board acknowledges its responsibility for establishing a sound system of internal control and risk management framework and practices which encompasses financial, operational and compliance control that aims to safeguard shareholders’ investments and the Group’s assets during its course of business.

The Group has outsourced its internal audit function to assist the AC in discharging its duties and responsibilities. Ongoing reviews are performed on a quarterly basis to identify, evaluate, monitor and manage significant risks affecting the businesses and ensure that adequate and effective controls are in place. The internal auditors report their findings and recommendations to the AC during the quarterly AC meeting.

The Risk Management Unit of each subsidiary is actively identifying, assessing and monitoring the key business risks to safeguard shareholders’ investments and the Group’s assets by monitoring the internal control in place with the assistance of the AC.

The GRMC assists the AC and the Board by reviewing the Risk Management Reports of all subsidiaries of the Company. The Board is updated on the Group’s internal control system which encompasses risk management practices as well as financial, operational and compliance control on a quarterly basis.

While the internal control system is devised to cater for the needs of the Group as well as risk management, such controls by their nature could only provide reasonable assurance but not absolute assurance against material misstatement or loss. Information on the Company’s risk management framework and internal control system within the Group is presented in the Statement on Risk Management and Internal Control of this Annual Report.

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

15) Corporate reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board is committed to provide a balanced, fair and comprehensive assessment of the Company’s state of affairs in relation to its financial performance. In order to achieve the above, adequate financial processes are in place, aimed at keeping the Group’s accounting records and transactions in accordance with accepted accounting standards. This also helps to safeguard the preparation of annual financial statements which present a true and fair view of the state of affairs of the Group at the reporting dates.

The AC assists the Board by reviewing the financial statements with Management and the external auditors (when reviewing the yearly financial statements) to ensure the accuracy and adequacy of all the information to be disclosed as well as to ensure its compliance with the requirements of the rules and regulations of the authorities and approved accounting standards. The Group Finance Director also presented to the AC and the Board detailed presentations on the financial results, including performance against targets/budget.

The Statement of Directors’ Responsibility pursuant to Bursa Malaysia Securities MMLR on its responsibilities in preparing the financial statements is set out in another section of this Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

16) Communication with stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders, investors and general public. The Annual Reports, press releases, quarterly results and timely announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance and also form an important channel of communication to reach shareholders and investors. In view thereof, effort has been taken to enhance the contents of the Annual Report in line with the MCGG and Bursa Malaysia Securities MMLR.

The Group Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Company maintains a website at www.prestar.com.my for shareholders, investors and general public to access information on amongst others, the Group's profile, products, financial performance announcements and corporate information.

17) Encourage shareholder participation at general meetings



Participation at AGM

The AGM represents the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issue and to have a better understanding of the Group's businesses and corporate developments. Adequate notice period for the AGM of the Company of not less than twenty-eight (28) days is communicated to all the shareholders.

Before the commencement of the AGM of the Company, the Group Managing Director will either provide a presentation, screening corporate video or brief verbal highlights to the shareholders on issues relating to the performance of the Group for the financial year under review as well as the outlook of the Group on its future performance and opportunities.

Healthy dialogues and interactions with the shareholders are greatly encouraged and no time limitation for shareholders to raise questions pertaining to the resolutions being proposed and the operations of the Group.

The Board is supported by the external auditors, Company Secretaries, legal and financial advisers, and senior management staff, where applicable, who are also present at the AGM of the Company to communicate with the shareholders, investors and medias as well as to respond to the queries raised.

CORPORATE GOVERNANCE OVERVIEW STATEMENT 2021 (cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

17) Encourage shareholder participation at general meetings (cont'd)

Participation at AGM (cont'd)

Due to COVID-19 pandemic and the implementation of various phases of Movement Control Order by Malaysian Government during FYE 2021, the Company's postponed Thirty-Sixth AGM was conducted on a fully virtual basis to facilitate communication and engagements with the shareholders. This enables shareholders to participate remotely via live streaming and online remote voting on all the resolutions tabled at the AGM of the Company. The shareholders are given opportunities to raise questions and feedback their views on issues affecting the Company via real time submission of typed texts through a text box within the online platform.

Poll voting

Bursa Malaysia Securities MMLR require that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards.

The Company had conducted its poll voting on all resolutions since 2017 AGM of the Company and will continue on such practice for all future general meetings.

As the Company's postponed Thirty-Sixth AGM held on 21 July 2021 was conducted on a fully virtual basis, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all the resolutions. It was streamed live where the eligible shareholders or the appointed proxies or authorised representatives were able to log in to remotely participate and to submit their votes online.

An independent scrutineer was appointed to validate the votes casted and the results of each resolution put to vote was announced at the said AGM of the Company.

Compliance with MCGG

The Board is satisfied that during FYE 2021, the Company complied substantially to the best practices of the MCGG on the application of the principles and best practices except for those departures highlighted in the CG Report which is available on the Company's corporate website at www.prestar.com.my as well as the website of Bursa Malaysia Securities.

This CG Overview Statement and the CG Report are made in accordance with a resolution of the Board passed on 15 April 2022.



ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Utilisation of proceeds

On 8 June 2021, the Company had completed its Private Placement exercise upon issuance of 19,403,200 new ordinary shares at an issue price of RM1.00 per ordinary share in accordance with the general mandate granted by the shareholders at the Company's Thirty-Fifth Annual General Meeting held on 27 July 2020 for the authority to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016. The total proceeds raised from the Private Placement was RM19,403,200.

The status of the utilisation of the proceeds as at 31 December 2021 is disclosed as follows:

Details of Utilisation	Proposed Utilisation (RM'000)	Reallocation (RM'000)	Actual Utilisation as at 31 December 2021 (RM'000)	Unutilisation Proceeds as at 31 December 2021 (RM'000)	Intended Timeframe for Utilisation from Completion Date	Revised Timeframe for Utilisation from Completion Date
Capital Expenditure	13,600	(3,622)	(6,642)	3,336	Within 12 months	Within 18 months
Repayment of Bank Borrowing	5,500	3,500	(9,000)	-	Within 12 months	No change
Working Capital	47	122	(169)	-	Within 12 months	No change
Estimated Expenses for the Proposed Private Placement	256	-	(256)	-	Within 1 month	No change
Total Gross Proceeds	19,403		(16,067)	3,336		

2. Audit and non-audit fees

During the financial year ended 31 December 2021 ("FYE 2021"), Messrs. BDO PLT, the External Auditors have rendered audit and non-audit services to the Company and its subsidiaries ("the Group"). The breakdown of the fees payable to the External Auditors is as follows:

	Audit fees (RM)	Non-audit fees (RM)
Company	36,800	4,500
Group	203,300	4,500

3. Material contracts involving Directors', chief executive's and major shareholders' interests

There was no material contract entered into by the Group involving the interests of the Directors, chief executive and major shareholders during FYE 2021.

4. Recurrent related party transactions of a revenue or trading nature ("RRPTs")

The information on RRPTs for FYE 2021 is disclosed under Note 30 of the Audited Financial Statements for FYE 2021 in this Annual Report.

5. Employees' Share Option Scheme ("ESOS")

The ESOS was approved by the shareholders at the Extraordinary General Meeting of the Company held on 17 December 2013 and was subsequently implemented on 21 April 2014.

There were 1,110,500 new ordinary shares being exercised during FYE 2021. Details of the ESOS are disclosed under Note 29 of the Audited Financial Statements for FYE 2021 in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of Prestar Resources Berhad (“Company”) is pleased to present its Statement on Risk Management and Internal Control (“Statement”) of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2021 (“FYE 2021”), which has been prepared pursuant to Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”). This Statement, which outlines the nature and scope of risk management and internal control of the Group during FYE 2021, is guided by the “Statement on Risk Management and Internal Control Guidelines: Guidelines for Directors of Listed Issuers” issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities as well as Part II of Principle B, Intended Outcome 10.0, Practices 10.1 and 10.2 and Guidance 10.1 and 10.2 as set out in the Malaysian Code on Corporate Governance. The principles adopted by the Group in this Statement does not apply to the associate companies where risk management and internal control are managed by the respective management teams.

BOARD RESPONSIBILITY

The Board is committed and acknowledges its overall responsibility for maintaining a sound risk management and internal control systems and for reviewing their adequacy and effectiveness continually so as to safeguard all its stakeholders’ interests and protect the Group’s assets. The system of risk management and internal control covers not only financial controls but risk management, organisational, operational, fraud prevention and compliance controls. The Board ensures the adequacy and effectiveness of the system through regular review and monitoring. However, such a system is designed to manage the Group’s risks within an acceptable risk profile rather than eliminate the risk of failure in order to achieve the goals and objectives of the Group. As there are inherent limitations in any system of internal control, such system of risk management and internal control could only provide reasonable but not absolute assurance against material misstatement, fraud and potential losses.

The Board affirms that the Group has in place an on-going process of identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives throughout FYE 2021. The Board has delegated the review of adequacy and effectiveness of the internal control system to the Audit Committee (“AC”), which in turn delegated the tasks to the Group Risk Management Committee (“GRMC”). Hence, through the AC, the Board is kept informed of all significant control issues brought to the attention of the AC by Management, the internal audit function and also the external auditors. The Board is working closely with the AC in reviewing and improving the internal controls as well as addressing the potential risks of the Group from time to time.

RISK MANAGEMENT FRAMEWORK AND PROCESS

Risk management is an integral part of the overall management process. Therefore, the Group has established and put in place a risk management framework to promote effective risk management within the Group for identifying, evaluating and managing significant risks faced by the Group systematically during FYE 2021.

As mentioned above, the responsibility to oversee the risk management framework is delegated to the GRMC which is responsible to ensure that all the principal risks of the Group are properly addressed and managed within its acceptable level. The GRMC is supported by various Risk Management Units of its subsidiaries. The GRMC reports to the AC and the Board.

The GRMC constantly assesses and identifies risks and put in place necessary controls and mitigation plans to address and maintain the risks at an appropriate level acceptable to the Group throughout FYE 2021.

All significant risks identified and relevant controls and mitigation plans taken by Management are documented in the risk management progress reports and the same be compiled and tabled to the AC and the Board for deliberations.

Internal Audit Function (“IAF”)

The IAF is carried out by an external professional firm based on the internal audit plan and ad-hoc assignments approved by the AC.

The scope of works of the IAF includes but not limited to the following:

- Review and assess the adequacy, efficiency and effectiveness of the Group’s internal control system.
- Review the extent of compliance of the Group with the policies, standard operating procedures and other laws and regulations which possibly cause significant impact to the business operations of the Group.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Audit Function ("IAF") (cont'd)

- Report significant issues in relation to the business operations and activities of the Group and make recommendations for improvements in the internal audit reports to the AC.
- Conduct follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management and report the same to the AC.
- Highlight any irregularities to the AC.

During FYE 2021, no material issues were highlighted by the IAF to the AC.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

In addition to the risk management and internal audit, the Group has established various controls to review the adequacy, effectiveness and integrity of the internal control system. Such controls include:

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented Quality Management System accredited by various International Organisation for Standardisation (ISO) certification bodies on four (4) subsidiaries' quality management system on various manufacturing and trading activities.
- Quarterly review of financial results and operational matters by the AC and the Board.
- Policies and standard operating procedures of various operating business units within the Group are properly documented for operational guidance and compliance. These policies and procedures are reviewed and updated when necessary to maintain its effectiveness at all times.
- Corporate finance and treasury matters are controlled centrally and monitored on a weekly, monthly and quarterly basis.
- Formal authorisation limit for various level of personnel is established in order to minimise the risk of unauthorised transactions.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to Management and the Executive Directors. This would enable Management and the Executive Directors to review the performance of each subsidiary on a monthly basis.

During FYE 2021, there were no material losses incurred as a result of weaknesses in the internal control and the Board is satisfied that the on-going process of regular reviewing, evaluating and monitoring of the risk management and internal control system are reasonably effective and adequate within the Group, except for POSCO-MKPC Sdn. Bhd. and Tashin Holdings Berhad and its group of companies, which are the associate companies of the Company.

The Board has received assurance from the Group Managing Director and Group Finance Director that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main LR of Bursa Malaysia Securities, the external auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process and the review adopted by the Board on the adequacy and integrity of the risk management and internal control of the Group.

This Statement is made in accordance with the resolution of the Board dated 23 February 2022.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Prestar Resources Berhad (“Prestar” or “Company”) is pleased to present the following report on the Audit Committee (“AC” or “Committee”) and its activities during the financial year ended 31 December 2021 (“FYE 2021”).

1. CONSTITUTION

The AC of Prestar has been established since 16 August 1995 which is in line with the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”).

2. COMPOSITION OF THE AC AND MEETINGS ATTENDANCE

The Committee comprises three (3) members, which consist of all Independent Non-Executive Directors. This meets the requirements of Paragraphs 15.09(1)(a) and (b) of the Main LR of Bursa Malaysia Securities and the Step-Up Practice 9.4 as recommended by the Malaysian Code on Corporate Governance.

During FYE 2021, the AC held a total of five (5) meetings. The members of the AC and their attendance at the meetings are set out below:

Name	Designation	Attendance	Percentage
Lou Swee You	Chairman / Independent Non-Executive Director	5/5	100%
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent Non-Executive Director	5/5	100%
Dato’ Lim Cheang Nyok	Member / Independent Non-Executive Director	5/5	100%

In view of the widespread of Covid-19 pandemic, all the meetings were convened virtually with limited physical attendance (hybrid meetings).

For FYE 2021, the performance and effectiveness of the AC and individual AC members have been evaluated by the Nomination Committee. Having reviewed the results of the AC’s and individual AC members’ performance, the Board is satisfied that the AC and individual AC members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference of the AC.

3. SUMMARY OF KEY ACTIVITIES FOR FYE 2021

During FYE 2021, the main activities undertaken by the AC were as follows:

- a) Reviewed the unaudited quarterly financial results of the Company and its Group of Companies (“Group”) and thereafter, submitted to the Board for approval and release to Bursa Malaysia Securities.
- b) Reviewed the audited year-end financial statements of the Company and its Group and thereafter, submitted to the Board for consideration and approval.
- c) Met twice with the external auditors in the absence of the Executive Directors and Management to discuss on areas of audit emphasis, issues that may have arisen from the audit and co-operation received from Management during the course of audit.
- d) Reviewed the audit strategy and scope of audit plan presented by the external auditors prior to the commencement of the annual audit and also audit issues and recommendations raised by them from the audit.
- e) Reviewed the audit reports of the external auditors and management letters in relation to the audit including Management’s responses arising from the audit.
- f) Reviewed the principal risks and the risk management actions reported by the Group Risk Management Committee and the Subsidiary Risk Management Unit.
- g) Reviewed the AC Report and the Statement on Risk Management and Internal Control and thereafter, recommended the same to the Board for inclusion in the annual report.
- h) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and thereafter, recommended the same to the Board for approval.



AUDIT COMMITTEE REPORT (cont'd)

3. SUMMARY OF KEY ACTIVITIES FOR FYE 2021 (cont'd)

- i) Reviewed the related party transactions and recurrent related party transactions on a quarterly basis.
- j) Reviewed the performance of the internal audit function ("IAF"), annual internal audit plan and internal audit reports presented by the internal auditors and considered the major findings highlighted by the internal auditors and the responses from Management.
- k) Reviewed the suitability and independence of the external auditors vide a formalised external auditors evaluation form and upon reviewed and being satisfied with the results of the said assessment, the same had been recommended to the Board for approval.
- l) Reviewed and discussed on the Group's business plan and budget.
- m) Verified the allocation of the options offered and granted under the Employees' Share Option Scheme.

4. TERMS OF REFERENCE

The Terms of Reference of the AC, outlining the AC's objectives, composition, retirement and resignation, proceeding of meeting, authority and duties and responsibilities, is available at the Company's website at www.prestar.com.my.

5. KEY AUDIT MATTERS ("KAM")

Under the new and revised Auditor Reporting Standards released by the International Auditing and Assurance Standards Board in 2016, auditors are required to disclose KAM in their auditors' report, leading to a more informative and tailored reporting specific to the circumstances of each entity and engagement. KAM are those matters that, in the auditors' professional judgement, are of most significance in the audit of the financial statements of the current period.

During the audit process for FYE 2021, the issue related to the Impairment of Trade Receivables was raised by the Company's external auditors as KAM. The audit responses to address the above said issue by the Company's external auditors were set out in the Independent Auditors' Report ("IAR"). For detail information on the KAM, please refer to the IAR in this Annual Report.

6. STATEMENT ON IAF

The IAF is outsourced and undertaken by an external professional firm i.e., Tricor Axcelasia Sdn, Bhd. to conduct regular reviews and assessments on the adequacy, efficiency and effectiveness of the Company and its subsidiaries' internal control system. The IAF reports directly to the AC. The IAF is responsible to conduct reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the AC.

The AC meets quarterly to review the internal audit findings and to discuss on the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management. In addition, the IAF carries out follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management. The progression status of the corrective action plans is also reported to the AC on a quarterly basis.

For FYE 2021, the IAF has successfully conducted the following audits in accordance with their Internal Audit Plan 2021 which was approved by the AC and agreed on the timing, frequency and scope of internal audit services to be rendered:

Audit activities	Auditable entities
Review of inventory management, procurement and payment system	Prestar Storage System Sdn. Bhd.
Review of inventory management, sales processing, credit control and collection	Prestar Engineering Sdn. Bhd.
Review of sales processing, credit control and collection, and production management	Prestar Precision Tube Sdn. Bhd.

The cost incurred in maintaining the IAF for FYE 2021 was approximately RM51,600 (Financial year ended 31 December 2020: RM51,600).

The Board has approved this AC Report by a resolution dated 23 February 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In respect of the preparation of the Audited Financial Statements of Prestar Resources Berhad ("the Company") for the financial year ended 31 December 2021 ("FYE 2021")

The Directors are responsible for the preparation of financial statements for each financial year as required by the Companies Act 2016 ("the Act"). The financial statements are prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to present a true and fair view of the financial position of the Company and its subsidiaries ("the Group") as at the end of the financial year and of its financial performance and its cash flows for FYE 2021.

In preparing the Audited Financial Statements for FYE 2021, the Directors are satisfied that the Company and the Group had maintained adequate and proper accounting records and sufficient internal controls to enable the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position and its financial performance for FYE 2021.

In order to ensure that the financial statements are properly drawn up, the Directors have taken the following measures:

- (a) ensure the adoption of appropriate accounting policies;
- (b) where applicable, judgements and estimates are made on a reasonable and prudent basis;
- (c) ensure that applicable approved accounting standards have been followed; and
- (d) ensure that the financial statements have been prepared on a going concern basis.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a Directors' Resolution in Writing, dated 15 April 2022.



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DIRECTORS' REPORT

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities and details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	95,191	9,240
Attributable to:		
Owners of the Company	95,196	9,240
Non-controlling interests	(5)	-
	95,191	9,240

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

Final single tier cash dividend of 1.0 sen per share, amounting to approximately RM2,145,000 in respect of the previous financial year paid on 30 July 2021.

First interim single tier cash dividend of 1.0 sen per share, amounting to approximately RM2,145,000 in respect of financial year 2021 paid on 30 July 2021.

Second interim single tier cash dividend of 2.0 sen per share, amounting to approximately RM6,860,000 in respect of financial year 2021 paid on 21 January 2022.

The Directors propose a final single tier cash dividend of 2.0 sen per share, amounting to approximately RM6,860,000 in respect of the financial year ended 31 December 2021, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 204,831,000 to 360,551,000 by way of issuance of 155,720,000 new ordinary shares pursuant to the following:

- (a) Private placement of 19,403,000 new ordinary shares of RM1.00 each for cash totalling RM19,403,000;
- (b) 1,111,000 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.53 to RM1.04 for cash totalling RM939,000; and
- (c) Issuance of 135,206,000 (including 6,532,000 treasury shares) new ordinary shares pursuant to the Bonus Issue exercise on the basis of 3 bonus shares for every 5 existing ordinary shares held.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.



DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company implements an ESOS, which is in force for a period of ten (10) years until 20 April 2024 ("the option period"). The main features of the ESOS are as follows:

- Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;
- The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2021 for ordinary shares previously issued under the ESOS is 26,077,100;
- The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;
- The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;
- The option price of a new ordinary share under the ESOS shall be the five (5)-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten percent (10%) of the weighted average market price, or par value of the ordinary shares, whichever is higher;
- The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the options period.

The details of the options over ordinary shares of the Company are as follows:

	Option price RM	[----- Number of options over ordinary shares -----]					Outstanding as at 31.12.2021 '000	Exercisable as at 31.12.2021 '000
		Outstanding as at 1.1.2021 '000	Movements during the [-----financial year-----]					
		Granted	Exercised	Lapsed				
		'000	'000	'000	'000	'000	'000	
Date of offer	0.53/0.83/ 1.04							
2014 options		1,407	267	(1,111)	(234)	329	329	

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Prestar Resources Berhad

Dato' Toh Yew Peng *
Toh Yew Kar *
Toh Yew Seng *
Toh Yew Chin *
Kenny Toh Jin Tat *
Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Md. Nahar Bin Noordin
Dato' Lim Cheang Nyok
Lou Swee You
Shamsudin @ Samad Bin Kassim
Toh Yew Keat * (retired on 9 May 2021)

DIRECTORS' REPORT (cont'd)

DIRECTORS (cont'd)

The Directors who have held office during the financial year and up to the date of this report are as follows: (cont'd)

Subsidiaries of Prestar Resources Berhad

Alan Toh Jin Joo
Andy Toh Jin Hong
Jason Toh Jin Hin
Koay Kah Ee
Lim Fong Kan (resigned on 15 March 2022)
Toh Poh Khuan

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 21 July 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

- (i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;
- (ii) The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company at the time of purchase(s); and
- (iii) The shares so repurchased be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities and/or cancelled and/or transfer for the purposes of or under an employees' share scheme and/or be dealt with by the Directors of the Company in the manners allowed by the Act.

The Company has the rights to retain, distribute, resell, cancel and or transfer for the purposes of or under an employees' share scheme and or such other purpose as allowed under the Act. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Details of the treasury shares are disclosed in Note 15(d) to the financial statements.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	[----- Number of ordinary shares -----]						
	Balance as at 1.1.2021	Bought before bonus issue	Sold before bonus issue	Bonus issue	Total shares after bonus issue	Bought	Balance as at 31.12.2021
<u>Direct interests</u>							
Dato' Toh Yew Peng	7,890,000	1,110,000	-	5,400,000	14,400,000	1,100,000	15,500,000
Toh Yew Kar	2,672,276	250,000	-	1,753,365	4,675,641	-	4,675,641
Toh Yew Seng	3,356,252	-	-	2,013,751	5,370,003	-	5,370,003
Toh Yew Chin	2,697,276	-	-	1,618,365	4,315,641	-	4,315,641
Kenny Toh Jin Tat	-	132,000	(32,000)	60,000	160,000	-	160,000
Md Nahar Bin Noordin	1,074,100	154,900	(359,000)	522,000	1,392,000	378,000	1,770,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	100,000	60,000	(50,000)	66,000	176,000	-	176,000
Dato' Lim Cheang Nyok	194,000	-	-	116,400	310,400	-	310,400

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:(cont'd)

	[----- Number of ordinary shares -----]						
	Balance as at 1.1.2021	Bought before bonus issue	Sold before bonus issue	Bonus issue	Total shares after bonus issue	Bought	Balance as at 31.12.2021
Shares in the Company (cont'd)							
<u>Direct interests</u>							
Lou Swee You	189,000	-	-	113,400	302,400	-	302,400
Shamsudin @ Samad Bin Kassim	100,000	230,000	-	198,000	528,000	-	528,000
<u>Indirect interests</u>							
Dato' Toh Yew Peng*	73,371,400	10,000	-	44,028,840	117,410,240	16,000	117,426,240
[----- Number of options over ordinary shares -----]							
	Balance			Balance			
	as at 1.1.2021	Granted	Exercised	as at 31.12.2021			
Share options in the Company							
Toh Yew Kar	250,000	-	(250,000)	-			
Kenny Toh Jin Tat	132,000	-	(132,000)	-			

* Indirect interest by virtue of his interests in Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd. and Alan Toh Jin Joo.

By virtue of their interests in the ordinary shares of the Company, all the Directors except for Toh Yew Kar, Toh Yew Seng, Toh Yew Chin, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Md. Nahar Bin Noordin, Dato' Lim Cheang Nyok, Lou Swee You, Shamsudin @ Samad Bin Kassim and Kenny Toh Jin Tat are deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (i) remuneration received or due and receivable by certain Directors from the related corporations in their capacity as Directors or executives of those related corporations; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 30 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as disclosed in Note 30 to the financial statements.

DIRECTORS' REPORT (cont'd)

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 24 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid for the Directors and officers of the Group and the Company for the financial year ended 31 December 2021 was RM8,900.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.



DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events during the financial year and subsequent to the end of the reporting period are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 23 to the financial statements.

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

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
15 April 2022



STATEMENT BY DIRECTORS/STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 68 to 139 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Toh Yew Peng

Director

Kuala Lumpur
15 April 2022

Toh Yew Seng

Director

STATUTORY DECLARATION

I, Koay Kah Ee (CA 4167), being the officer primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 139 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
15 April 2022)

Koay Kah Ee

Before me:

No. W729
Mardhiyyah Abdul Wahab
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prestar Resources Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 139.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Impairment of trade receivables

Gross trade receivables of the Group as at 31 December 2021 were approximately RM138.5 million as disclosed in Note 13 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- a) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- b) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also (cont'd):

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Francis Cyril A/L S.R Singam
03056/04/2023 J
Chartered Accountant

Kuala Lumpur
15 April 2022

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	121,490	118,110	48,001	48,541
Right-of-use assets	5	17,302	18,306	12,019	12,286
Investment properties	6	-	1	-	-
Trade and other receivables	13	-	-	11,008	2,910
Investments in subsidiaries	7	-	-	94,782	86,782
Investments in associates	8	145,823	118,319	25,158	25,158
Intangible assets	9	1,675	1,675	-	-
		286,290	256,411	190,968	175,677
Current assets					
Inventories	11	266,211	94,290	-	-
Derivative assets	12	17	104	-	-
Trade and other receivables	13	172,452	126,459	5,946	611
Current tax assets		400	109	-	-
Cash and bank balances	14	47,260	31,915	2,815	93
		486,340	252,877	8,761	704
TOTAL ASSETS		772,630	509,288	199,729	176,381
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	126,950	106,608	126,950	106,608
Treasury shares	15	(8,420)	(8,358)	(8,420)	(8,358)
Reserves	16	289,839	206,214	29,779	31,791
		408,369	304,464	148,309	130,041
Non-controlling interests	7(c)	-	87	-	-
TOTAL EQUITY		408,369	304,551	148,309	130,041



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	17	14,455	18,404	5,715	7,575
Lease liabilities	5	329	1,452	-	85
Deferred tax liabilities	10	6,395	7,417	1,264	1,134
Retirement benefit obligations	18	5,852	4,220	1,856	1,421
		27,031	31,493	8,835	10,215
Current liabilities					
Trade and other payables	19	49,750	27,885	10,539	3,025
Derivative liabilities	12	9	275	-	-
Borrowings	17	277,609	142,246	31,801	32,794
Lease liabilities	5	1,123	1,612	85	160
Current tax liabilities		8,739	1,226	160	146
		337,230	173,244	42,585	36,125
TOTAL LIABILITIES		364,261	204,737	51,420	46,340
TOTAL EQUITY AND LIABILITIES		772,630	509,288	199,729	176,381

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	22	538,679	409,981	18,784	8,152
Cost of sales		(406,357)	(359,249)	(1,618)	(1,536)
Gross profit		132,322	50,732	17,166	6,616
Other income		6,584	15,563	-	-
Selling and distribution expenses		(2,821)	(2,550)	-	-
Administrative expenses		(35,816)	(33,122)	(4,808)	(3,463)
Other expenses		(3,735)	(1,764)	(1,263)	(568)
Finance costs		(7,713)	(7,736)	(1,635)	(1,868)
Net gains/(losses) on impairment of financial assets		(1,442)	950	-	-
Interest income		546	560	363	183
Share of profit of associates, net of tax	8(e)	30,851	5,054	-	-
Profit before tax	23	118,776	27,687	9,823	900
Taxation	25	(23,585)	(5,491)	(583)	(312)
Profit for the financial year		95,191	22,196	9,240	588
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		(27)	43	-	-
Item that will not be reclassified subsequently to profit or loss					
Re-measurement of defined benefits liability		(242)	-	(4)	-
Total comprehensive income		94,922	22,239	9,236	588



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit attributable to:					
Owners of the Company		95,196	22,238	9,240	588
Non-controlling interests		(5)	(42)	-	-
		95,191	22,196	9,240	588
Total comprehensive income attributable to:					
Owners of the parent		94,927	22,281	9,236	588
Non-controlling interests		(5)	(42)	-	-
		94,922	22,239	9,236	588
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic	27(a)	28.48	6.89		
Diluted	27(b)	28.47	6.88		

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



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

Group	Share capital RM'000	Exchange translation reserve RM'000	Share options reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2021	106,608	28	1,192	(8,358)	204,994	304,464	87	304,551
Profit/(loss) for the financial year	-	-	-	-	95,196	95,196	(5)	95,191
Re-measurement of defined benefits liability	-	-	-	-	(242)	(242)	-	(242)
Foreign currency translations	-	(27)	-	-	-	(27)	-	(27)
Total comprehensive income/(loss)	-	(27)	-	-	94,954	94,927	(5)	94,922
Transactions with owners								
Issuance of ordinary shares pursuant to private placement	19,403	-	-	-	-	19,403	-	19,403
Issue of shares pursuant to ESOS	939	-	(98)	-	-	841	-	841
Shares buy-back	-	-	-	(62)	-	(62)	-	(62)
Acquisition of additional interest from non-controlling interest	-	-	-	-	(54)	(54)	(82)	(136)
Dividends to owners of the Company	-	-	-	-	(11,150)	(11,150)	-	(11,150)
Total transactions with owners	20,342	-	(98)	(62)	(11,204)	8,978	(82)	8,896
Balance as at 31 December 2021	126,950	1	1,094	(8,420)	288,744	408,369	-	408,369

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

Group	Share capital RM'000	Exchange translation reserve RM'000	Share options reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2020	106,608	(15)	1,192	(7,829)	184,695	284,651	129	284,780
Profit/(loss) for the financial year	-	-	-	-	22,238	22,238	(42)	22,196
Other comprehensive income, net of tax	-	43	-	-	-	43	-	43
Total comprehensive income/(loss)	-	43	-	-	22,238	22,281	(42)	22,239
Transactions with owners								
Shares buy-back	-	-	-	(529)	-	(529)	-	(529)
Dividends to owners of the Company	-	-	-	-	(1,939)	(1,939)	-	(1,939)
Total transactions with owners	-	-	-	(529)	(1,939)	(2,468)	-	(2,468)
Balance as at 31 December 2020	106,608	28	1,192	(8,358)	204,994	304,464	87	304,551

Note

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



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

Company	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2021	106,608	(8,358)	1,192	30,599	130,041
Profit for the financial year	-	-	-	9,240	9,240
Re-measurement of defined benefits liability	-	-	-	(4)	(4)
Total comprehensive income	-	-	-	9,236	9,236
Transactions with owners:					
Issuance of ordinary shares pursuant to private placement	19,403	-	-	-	19,403
Issue of shares pursuant to ESOS	939	-	(98)	-	841
Dividends	-	-	-	(11,150)	(11,150)
Shares buy-back	-	(62)	-	-	(62)
Total transactions with owners	20,342	(62)	(98)	(11,150)	9,032
Balance as at 31 December 2021	126,950	(8,420)	1,094	28,685	148,309

Note

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

Company	Share capital RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2020	106,608	(7,829)	1,192	31,950	131,921
Profit for the financial year	-	-	-	588	588
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	588	588
Transactions with owners:					
Dividends	-	-	-	(1,939)	(1,939)
Shares buy-back	-	(529)	-	-	(529)
Total transactions with owners	-	(529)	-	(1,939)	(2,468)
Balance as at 31 December 2020	106,608	(8,358)	1,192	30,599	130,041

Note

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

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

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation from:		118,776	27,687	9,823	900
Adjustments for:					
Depreciation of property, plant and equipment	4	6,811	6,969	1,114	1,124
Depreciation of right-of-use assets	5	1,004	1,004	267	268
Fair value adjustment on derivative instruments	12(c)	(179)	32	-	-
Gain on disposals of:					
- property, plant and equipment		(3)	(123)	-	-
- investment property		(44)	-	-	-
- assets held for sale		-	(8,126)	-	-
Gross dividend income from subsidiaries	22	-	-	(10,220)	(2,800)
Gross dividend income from associates	22	-	-	(3,347)	(236)
Impairment losses on property, plant and equipment	4	1,003	354	-	-
Impairment losses on trade and other receivables	13(k)	1,445	733	-	-
Interest expense		7,713	7,736	1,635	1,868
Interest income	23	(546)	(560)	(363)	(183)
Inventories written down	11(b)	7,212	402	-	-
Loss on disposal of property, plant and equipment		13	4	-	-
Property, plant and equipment written off	4	348	1,950	-	-
Retirement benefit obligations	18	1,390	211	431	54
Reversal of impairment losses on trade and other receivables	13(k)	(3)	(1,683)	-	-
Reversal of written down on inventories	11(c)	(234)	(2,807)	-	-
Share of profit of associates, net of tax	8(e)	(30,851)	(5,054)	-	-
Unrealised (gain)/loss on foreign exchange	23	(238)	238	-	-
Operating profit/(loss) before changes in working capital		113,617	28,967	(660)	995
Changes in working capital					
Inventories		(178,761)	28,305	-	-
Trade and other receivables		(47,270)	(10,850)	4,000	258
Trade and other payables		15,019	(6,512)	1,572	(55)
Cash (used in)/generated from operations		(97,395)	39,910	4,912	1,198
Tax refunded		19	530	-	142
Tax paid		(17,396)	(1,773)	(439)	(213)
Net cash (used in)/from operating activities		(114,772)	38,667	4,473	1,127



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(14,352)	(1,172)
Additions of interest in subsidiary	7(f)	(136)	-	(8,000)	-
Dividend received, from subsidiaries		-	-	6,220	2,800
Dividend received, from associates		3,347	236	3,347	236
Interest received		546	560	363	183
Proceeds from disposal of:					
- property, plant and equipment		13	181	-	-
- investment property		45	-	-	-
- assets held for sale		-	12,050	-	-
Purchase of property, plant and equipment	4	(11,682)	(7,007)	(574)	(89)
Net cash (used in)/from investing activities		(7,867)	6,020	(12,996)	1,958
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(7,586)	(7,490)	(1,627)	(1,854)
Repayments of term loans		(3,949)	(3,427)	(1,860)	(1,860)
Net drawdown/(repayment) of other borrowings		136,386	(19,191)	500	1,000
Payments of lease liabilities	5	(1,739)	(4,076)	(168)	(168)
Dividends paid		(4,289)	(1,939)	(4,289)	(1,939)
Proceed from share capital:					
- Private placement		19,403	-	19,403	-
- ESOS subscription		841	-	841	-
Shares buy-back		(62)	(529)	(62)	(529)
Net cash from/(used in) financing activities		139,005	(36,652)	12,738	(5,350)
Net increase/(decrease) in cash and cash equivalents		16,366	8,035	4,215	(2,265)
Effects of exchange rate differences		2	(19)	-	-
Cash and cash equivalents at beginning of financial year		28,685	20,669	(1,841)	424
Cash and cash equivalents at end of financial year	14(c)	45,053	28,685	2,374	(1,841)

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities (Note 5) RM'000	Term loans (Note 17) RM'000	Other borrowings* (Note 17) RM'000
At 1 January 2021	3,064	22,353	135,067
Cash flows:			
Repayment of lease liabilities	(1,739)	-	-
Repayment of term loans	-	(3,949)	-
Drawdown of other borrowings	-	-	136,386
Non-cash flows:			
Unwinding of interest	127	-	-
At 31 December 2021	<u>1,452</u>	<u>18,404</u>	<u>271,453</u>
At 1 January 2020	6,847	25,780	154,258
Cash flows:			
Repayment of lease liabilities	(4,076)	-	-
Repayment of term loans	-	(3,427)	-
Repayment of other borrowings	-	-	(19,191)
Non-cash flows:			
Remeasurement of lease liabilities	57	-	-
Early termination of lease liabilities	(10)	-	-
Unwinding of interest	246	-	-
At 31 December 2020	<u>3,064</u>	<u>22,353</u>	<u>135,067</u>

* Other borrowings exclude bank overdrafts.



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (cont'd)

Company	Lease liabilities (Note 5) RM'000	Term loans (Note 17) RM'000	Other borrowings* (Note 17) RM'000
At 1 January 2021	245	9,435	29,000
Cash flows:			
Repayment of lease liabilities	(168)	-	-
Repayment of term loan	-	(1,860)	-
Drawdown of other borrowings	-	-	500
Non-cash flows:			
Unwinding of interest	8	-	-
At 31 December 2021	85	7,575	29,500
At 1 January 2020	399	11,295	28,000
Cash flows:			
Repayment of lease liabilities	(168)	-	-
Repayment of term loan	-	(1,860)	-
Drawdown of other borrowings	-	-	1,000
Non-cash flows:			
Unwinding of interest	14	-	-
At 31 December 2020	245	9,435	29,000

* Other borrowings exclude bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021

1. CORPORATE INFORMATION

Prestar Resources Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at Lot 1298, 16½ Miles, Jalan Ipoh, Rawang Industrial Estate, 48000 Rawang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 April 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 35.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Notwithstanding that the Company was in a net current liabilities position of RM33,824,000 as at 31 December 2021, the Directors have considered the application of the going concern basis in the preparation of financial statements of the Company to be appropriate, given the ability of the Company to generate adequate net cash inflows in the foreseeable future, including the utilisation of unused banking facilities. In relation to this, the Directors have assessed the Company’s cash flow position for the next twelve (12) months to ensure that the Company has sufficient funds to meet its obligations as and when they fall due.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

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

Company	Balance as at 1.1.2021 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2021 RM'000
Freehold land	15,293	-	-	15,293
Buildings	32,718	552	(909)	32,361
Office equipment	193	22	(48)	167
Furniture, fittings and renovations	328	-	(155)	173
Motor vehicles	9	-	(2)	7
	48,541	574	(1,114)	48,001

<----- As at 31 December 2021 ----->

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,293	-	15,293
Buildings	45,972	(13,611)	32,361
Office equipment	597	(430)	167
Furniture, fittings and renovations	2,474	(2,301)	173
Motor vehicles	59	(52)	7
	64,395	(16,394)	48,001

Company	Balance as at 1.1.2020 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2020 RM'000
Freehold land	15,293	-	-	15,293
Buildings	33,609	17	(908)	32,718
Office equipment	172	72	(51)	193
Furniture, fittings and renovations	484	-	(156)	328
Motor vehicles	18	-	(9)	9
	49,576	89	(1,124)	48,541

<----- As at 31 December 2020 ----->

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,293	-	15,293
Buildings	45,420	(12,702)	32,718
Office equipment	576	(383)	193
Furniture, fittings and renovations	2,474	(2,146)	328
Motor vehicles	59	(50)	9
	63,822	(15,281)	48,541

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

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

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

- (b) After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Buildings	20 - 50 years
Plant and machinery	5 - 20 years
Office equipment	5 - 10 years
Furniture, fittings and renovations	5 - 10 years
Motor vehicles and forklifts	5 - 6 years
Moulds, tools and equipment	7 years

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (c) At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

- (d) As at the end of the reporting period, certain freehold land and buildings of the Group with a carrying amount of RM62,027,000 (2020: RM61,394,000) and certain freehold land and buildings of the Company with a carrying amount of RM40,169,000 (2020: RM40,368,000) has been charged as securities for banking facilities granted to the Group and the Company as disclosed in Note 17(c) to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

5. LEASES

The Group as lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2021 RM'000	Depreciation RM'000	Balance as at 31.12.2021 RM'000
Leasehold land	11,837	(125)	11,712
Buildings	214	(158)	56
Machineries	4,420	(195)	4,225
Motor vehicles	1,835	(526)	1,309
	18,306	(1,004)	17,302

Carrying amount	Balance as at 1.1.2020 RM'000	Remeasurement RM'000	Early termination RM'000	Transfer to property, plant and equipment (Note 4) RM'000	Depreciation RM'000	Balance as at 31.12.2020 RM'000
Leasehold land	11,962	-	-	-	(125)	11,837
Buildings	325	57	(10)	-	(158)	214
Machineries	9,285	-	-	(4,670)	(195)	4,420
Motor vehicles	5,197	-	-	(2,836)	(526)	1,835
	26,769	57	(10)	(7,506)	(1,004)	18,306

Lease liabilities

Carrying amount	Balance as at 1.1.2021 RM'000	Reclassification RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.12.2021 RM'000
Buildings	222	-	(168)	7	61
Machineries	1,753	(60)	(883)	79	889
Motor vehicles	1,089	60	(688)	41	502
	3,064	-	(1,739)	127	1,452

Carrying amount	Balance as at 1.1.2020 RM'000	Remeasurement RM'000	Early termination RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.12.2020 RM'000
Buildings	331	57	(10)	(170)	14	222
Machineries	2,897	-	-	(1,248)	104	1,753
Motor vehicles	3,619	-	-	(2,658)	128	1,089
	6,847	57	(10)	(4,076)	246	3,064

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

5. LEASES (cont'd)

The Group as lessee (cont'd)

Represented by:

	2021 RM'000	2020 RM'000
Current liabilities	1,123	1,612
Non-current liabilities	329	1,452
	<u>1,452</u>	<u>3,064</u>
Lease liabilities owing to financial institutions	1,391	2,842
Lease liabilities owing to non-financial institutions	61	222
	<u>1,452</u>	<u>3,064</u>

The Company as lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2021 RM'000	Depreciation RM'000	Balance as at 31.12.2021 RM'000
Leasehold land	11,837	(125)	11,712
Motor vehicles	449	(142)	307
	<u>12,286</u>	<u>(267)</u>	<u>12,019</u>

Carrying amount	Balance as at 1.1.2020 RM'000	Depreciation RM'000	Balance as at 31.12.2020 RM'000
Leasehold land	11,962	(125)	11,837
Motor vehicles	592	(143)	449
	<u>12,554</u>	<u>(268)</u>	<u>12,286</u>

Lease liabilities

Carrying amount	Balance as at 1.1.2021 RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.12.2021 RM'000
Motor vehicles	245	(168)	8	85

Carrying amount	Balance as at 1.1.2020 RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.12.2020 RM'000
Motor vehicles	399	(168)	14	245



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

5. LEASES (cont'd)

The Company as lessee (cont'd)

Represented by:

	2021 RM'000	2020 RM'000
Current liabilities	85	160
Non-current liabilities	-	85
	85	245
Lease liabilities owing to financial institutions	85	245

The Group and the Company as lessee

- (a) The Group leases buildings and leasehold land in the location which it operates. The lease of buildings and leasehold land comprised fixed payment over the lease term.

The Group also leases certain items of motor vehicles and machineries. Leases of motor vehicles and machineries comprise only fixed payments over the lease terms.

- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	99 years
Buildings	1 - 2 years
Machineries	5 - 20 years
Motor vehicles	5 - 6 years

- (c) The Group and the Company have certain leases of machineries and office equipment with lease term of 12 months or less and low value leases of office equipment of RM20,000 and below. The Group and the Company applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

- (d) The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation charge of right-of-use assets (included in cost of sales)	1,004	1,004	267	268
Interest expense on lease liabilities (included in finance cost)	127	246	8	14
Expense relating to short-term leases (included in administration expenses)	347	226	-	-
Expense relating to leases of low-value assets (included in administration expenses)	10	10	-	-
	1,488	1,486	275	282

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

5. LEASES (cont'd)

The Group and the Company as lessee (cont'd)

(e) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases and low value assets	10	10	-	-
Interest paid in relation to lease liabilities	127	246	8	14
Included in net cash from financing activities:				
Payment of lease liabilities	(1,739)	(4,076)	(168)	(168)
Total cash outflows for leases	(1,602)	(3,820)	(160)	(154)

(f) The Group and the Company leases several assets that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's and the Company's operations. Management determines whether these extension and termination options are reasonably certain to be exercised.

As at 31 December 2021, there is no undiscounted potential future rental payment that is not included in the lease term.

The Group and the Company as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to seven (7) years and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Less than one (1) year	3,391	3,457	5,569	3,777
One (1) to two (2) years	3,903	1,891	5,676	2,429
Two (2) to three (3) years	1,006	934	229	2,196
Three (3) to four (4) years	266	240	-	-
Four (4) to five (5) years	49	-	-	-
More than five (5) years	49	-	-	-
Total	8,664	6,522	11,474	8,402



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

6. INVESTMENT PROPERTIES

Group	Balance as at 1.1.2021 RM'000	Disposal for the year RM'000	Balance as at 31.12.2021 RM'000
Carrying amount			
Investment properties	1	(1)	-
			Balance as at 1.1.2020/ 31.12.2020 RM'000
Carrying amount			
Investment properties			1

- (a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs.

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

- (b) After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the investment properties is fifty (50) years.

- (c) At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

- (d) Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

- (e) Direct operating expenses arising from non-income generating investment properties during the financial year are as follows:

	2021 RM'000	Group 2020 RM'000
Quit rent and assessment	-*	-*

* Amount is immaterial to disclose

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

6. INVESTMENT PROPERTIES (cont'd)

(f) The fair value of investment properties of the Group not carried at fair value are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Freehold land and buildings	-	-	98	98

- (i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial year ended 31 December 2020.
- (ii) The fair value of investment properties at Level 3 not carried at fair value was assessed by the Directors as at the end of the reporting period by reference to external valuation report and of previous sales of similar properties in the vicinity on a price per square foot basis.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
At cost		
Unquoted shares	105,033	97,033
Less: Accumulated impairment losses	(10,251)	(10,251)
	94,782	86,782

(a) Details of the subsidiaries, of which all are incorporated in Malaysia unless otherwise stated, are as follows:

Name of Company	Effective equity interest		Principal activities
	2021 %	2020 %	
Prestar Manufacturing Sdn. Bhd. * ("PMSB")	100	100	Investment holding.
Prestar Marketing Sdn. Bhd. * ("PMktgSB")	100	100	Import and distribute of general hardware, tools, material handling equipment and forklifts.
Prestar Engineering Sdn. Bhd. * ("PESB")	100	100	Manufacture, supply and install guardrails and related products.
Prestar Steel Pipes Sdn. Bhd. * ("PSPSB")	100	100	Dormant.
Prestar Precision Tube Sdn. Bhd. * ("PPTSB")	100	100	Manufacture of a wide range of steel pipes and tubes.
Dai Dong Steel Sdn. Bhd. * ("DDSB")	100	100	Importing and trading of steel materials and general hardware products.
Prestar Storage System Sdn. Bhd. * ("PSSSB")	100	100	Manufacture, installation and export of all kinds of material handling equipment, structural steel works, pallet racking systems, wheelbarrows and hand trucks.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (a) Details of the subsidiaries, of which all are incorporated in Malaysia unless otherwise stated, are as follows: (cont'd)

Name of Company	Effective equity interest		Principal activities
	2021 %	2020 %	
Subsidiary of Prestar Engineering Sdn. Bhd.			
Prestar Galvanising Sdn. Bhd. * ("PGSB")	100	97	General hot-dip galvanising and coating of metal products and threaded items, fabrication of moulds and dies, maintenance and installation of machinery.
Subsidiary of Prestar Manufacturing Sdn. Bhd.			
PT Prestar MHE **^@ ("PTMHE")	90	90	Importing and trading of wheelbarrow and other material handling equipment products.
Subsidiary of Prestar Storage System Sdn. Bhd.			
PT Prestar MHE **^@ ("PTMHE")	10	10	Importing and trading of wheelbarrow and other material handling equipment products.

* Audited by BDO PLT Malaysia.

** Consolidated using management financial statements.

^ Not required to be audited under the local legislation.

@ Incorporated in Indonesia.

- (b) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (c) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

PGSB	2021	2020
NCI percentage of ownership interest and voting interest	3%*	3%
Carrying amount of NCI (RM'000)	-	87
Loss allocated to NCI (RM'000)	(5)	(42)
Total comprehensive loss allocated to NCI (RM'000)	(5)	(42)

* up to acquisition date

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

PGSB	2021 RM'000	2020 RM'000
Assets and liabilities		
Non-current assets	8,797	9,588
Current assets	5,887	5,075
Non-current liabilities	(393)	(3,824)
Current liabilities	(9,547)	(5,929)
Net assets	<u>4,744</u>	<u>4,910</u>
Results		
Revenue	10,466	12,529
Loss for the financial year	(166)	(1,467)
Total comprehensive loss	<u>(166)</u>	<u>(1,467)</u>
Cash flows from operating activities	940	150
Cash flows from investing activities	1,146	40
Cash flows used in financing activities	(1,939)	(150)
Net increase in cash and cash equivalents	<u>147</u>	<u>40</u>
Dividends paid to NCI	<u>-</u>	<u>-</u>

- (e) The carrying amounts of assets to which significant restrictions apply are as follows:

	2021 RM'000	2020 RM'000
Cash and cash equivalents	11,779	7,614
Buildings	10,781	9,949
Freehold land	20,000	20,000
	<u>42,560</u>	<u>37,563</u>

The above restrictions arose from bank covenants as follows:

- (i) A covenant of banking facilities undertaken by PESB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the subsidiary is making loss after tax, and any future dividend payments in excess of 50% of its net profit after tax for the financial year shall require the bank's consent.
- (ii) A covenant of banking facilities undertaken by DDSB, PPTSB, PSSSB and PMktgSB, subsidiaries of the Company, restricts the ability of the subsidiaries to declare dividends of more than 50% of its current year profit after tax to its shareholders without the bank's consent.
- (iii) The covenant of banking facilities undertaken by PSSSB, a subsidiary of the Company, restricts the ability of the subsidiaries to dispose or transfer the ownership of their freehold land and building.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(f) Other details of investments in subsidiaries

- (i) During the financial year, PSSSB had issued and allotted 8,000,000 new ordinary shares to the Company at issue price of RM1.00 per share by cash consideration of RM8,000,000. PSSSB remains as fully owned subsidiary of the Company.
- (ii) During the financial year, PESB acquired 263,000 ordinary share in PGSB for a total cash consideration of RM136,000. After the acquisition, PGSB has become a 100% owned subsidiary of the Group.

The acquisition of subsidiary did not have any material effect on the financial results and position in the Group.

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost:				
Unquoted equity shares	16,965	16,965	16,965	16,965
Share of post acquisition reserves, net of dividends received	39,930	30,750	-	-
	56,895	47,715	16,965	16,965
Quoted equity shares	68,821	68,821	8,193	8,193
Share of post acquisition reserves, net of dividends received	20,107	1,783	-	-
	145,823	118,319	25,158	25,158
			Group and Company	
			2021	2020
			RM'000	RM'000
Market value:				
Quoted equity shares in Malaysia			59,922	49,242

- (a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.
- (b) The details of the associates of which all are incorporated in Malaysia are as follows:

Name of Company	Effective equity interest		Principal activities
	2021 %	2020 %	
POSCO-MKPC Sdn. Bhd. ("MKPC") *	30	30	Slitting, shearing and sales of steel sheets and coils.
Tashin Holdings Berhad ("THB") **	34	34	Investment holding company.

* Not audited by BDO PLT Malaysia.

** Audited by BDO PLT Malaysia.

- (c) The financial statements of the above associates are coterminous with those of the Group, which are 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

8. INVESTMENT IN ASSOCIATES (cont'd)

(d) The summarised financial information of the associates are as follows:

2021	MKPC RM'000	THB RM'000	TOTAL RM'000
Assets and liabilities			
Non-current assets	69,994	77,265	147,259
Current assets	452,820	321,893	774,713
Non-current liabilities	(6,821)	(10,637)	(17,458)
Current liabilities	(326,021)	(132,314)	(458,335)
Net assets	<u>189,972</u>	<u>256,207</u>	<u>446,179</u>
Results			
Revenue	595,215	388,653	983,868
Profit for the financial year	31,869	62,619	94,488
Total comprehensive income	<u>31,869</u>	<u>62,619</u>	<u>94,488</u>
Cash flows (used in)/from operating activities	(52,470)	16,478	(35,992)
Cash flows used in investing activities	(6,507)	(5,090)	(11,597)
Cash flows used from financing activities	10,408	17,655	28,063
Net (decrease)/increase in cash and cash equivalents	<u>(48,569)</u>	<u>29,043</u>	<u>(19,526)</u>
2020			
	MKPC RM'000	THB RM'000	TOTAL RM'000
Assets and liabilities			
Non-current assets	65,797	68,804	134,601
Current assets	308,922	180,904	489,826
Non-current liabilities	(4,214)	(10,078)	(14,292)
Current liabilities	(211,133)	(42,272)	(253,405)
Net assets	<u>159,372</u>	<u>197,358</u>	<u>356,730</u>
Results			
Revenue	585,939	239,145	825,084
Profit for the financial year	6,343	9,268	15,611
Total comprehensive income	<u>6,343</u>	<u>9,268</u>	<u>15,611</u>
Cash flows from operating activities	73,227	17,815	91,042
Cash flows used in investing activities	(332)	(544)	(876)
Cash flows used in financing activities	(20,979)	(12,183)	(33,162)
Net increase in cash and cash equivalents	<u>51,916</u>	<u>5,088</u>	<u>57,004</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

8. INVESTMENT IN ASSOCIATES (cont'd)

(e) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

2021	MKPC RM'000	THB RM'000	TOTAL RM'000
Share of net assets of the Group	56,895	88,928	145,823
Elimination of unrealised profits	-	-	-
	<hr/>	<hr/>	<hr/>
Carrying amount in the statements of financial position	56,895	88,928	145,823
Share of results of the Group for the financial year			
The Group's share of profit/other comprehensive income	9,561	21,290	30,851
Dividend income from associates	381	2,966	3,347
	<hr/>	<hr/>	<hr/>
2020	MKPC RM'000	THB RM'000	TOTAL RM'000
Share of net assets of the Group	47,715	70,604	118,319
Elimination of unrealised profits	-	-	-
	<hr/>	<hr/>	<hr/>
Carrying amount in the statements of financial position	47,715	70,604	118,319
Share of results of the Group for the financial year			
The Group's share of profit/other comprehensive income	1,903	3,151	5,054
Dividend income from associate	236	-	236
	<hr/>	<hr/>	<hr/>

9. INTANGIBLE ASSETS

	Balance as at 1.1.2021 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2021 RM'000
Group			
Carrying amount			
Goodwill	1,675	-	1,675
	<hr/>	<hr/>	<hr/>
	<----- As at 31 December 2021 ----->		
		Accumulated amortisation and impairment	
	Cost RM'000	RM'000	Carrying amount RM'000
Goodwill	2,803	(1,128)	1,675
Development costs	589	(589)	-
	<hr/>	<hr/>	<hr/>
	3,392	(1,717)	1,675
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

9. INTANGIBLE ASSETS (cont'd)

	Balance	Amortisation	Balance
	as at	charge	as at
2020	1.1.2020	for the	31.12.2020
	RM'000	financial	RM'000
		year	RM'000
		RM'000	
Group			
Carrying amount			
Goodwill	1,675	-	1,675
<----- As at 31 December 2020 ----->			
	Cost	Accumulated	Carrying
	RM'000	amortisation	amount
		and	RM'000
		impairment	
		RM'000	
Goodwill	2,803	(1,128)	1,675
Development costs	589	(589)	-
	3,392	(1,717)	1,675

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

9. INTANGIBLE ASSETS (cont'd)

(a) Goodwill (cont'd)

Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ("CGU") for impairment testing, as follows:

	Manufacturing (CGU 1) RM'000	Trading (CGU 2) RM'000	Total RM'000
Goodwill, gross	1,799	1,004	2,803
Less: Impairment losses	(668)	(460)	(1,128)
Goodwill, net	1,131	544	1,675

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

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using discounted cash flow projections from financial budgets approved by the Directors covering a five (5) year period. The pre-tax discount rate applied to the cash flow projections and forecasted growth rates used to extrapolate cash flows for the five (5) year period are as follows:

	CGU 1		CGU 2	
	2021 %	2020 %	2021 %	2020 %
Growth rates	2.0	5.0	3.0	5.0
Pre-tax discount rates	7.0	6.0	7.0	6.0

The calculations of value-in-use for the CGUs are based on the following assumptions:

(i) Growth rates

The forecasted growth rates applied to the cash flow projections of CGU 1 and CGU 2 are based on the most recent financial budgets approved by the Directors covering a five (5) year period.

(ii) Pre-tax discount rates

Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess the operating performance of the respective CGUs and to evaluate future investment proposals. The discount rates used are pre-tax and reflect the overall weighted average cost of capital and specific risk adjustment relating to the relevant segments.

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the remaining goodwill assessed as at 31 December 2021 as their recoverable amounts were in excess of their carrying amounts.

The sensitivity of the impairment assessment to a reasonably possible change in the above assumptions are not disclosed as it is not significant.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

9. INTANGIBLE ASSETS (cont'd)

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Capitalised development costs are amortised on a straight line basis over a period of ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development costs represent costs incurred in the development of high quality steel pipes prior to the commencement of commercial production.

10. DEFERRED TAX

Deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 January	7,417	6,232	1,134	1,134
Recognised in profit or loss (Note 25)	(1,022)	1,185	130	-
Balance as at 31 December	6,395	7,417	1,264	1,134

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Presented after appropriate offsetting:				
Deferred tax liabilities, net	6,395	7,417	1,264	1,134
Deferred tax assets, net	-	-	-	-
	6,395	7,417	1,264	1,134

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

10. DEFERRED TAX (cont'd)

- (a) Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

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

Deferred tax liabilities of the Group	Property, plant and equipment RM'000
At 1 January 2021	7,417
Recognised in profit or loss	(1,022)
	6,395
At 31 December 2021	6,395
At 1 January 2020	6,232
Recognised in profit or loss	1,185
	7,417
At 31 December 2020	7,417

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

10. DEFERRED TAX (cont'd)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (cont'd)

Deferred tax liabilities of the Company	Property, plant and equipment RM'000
At 1 January 2021	1,134
Recognised in profit or loss	130
	1,264
At 31 December 2021	1,264
	1,134
At 1 January 2020	1,134
Recognised in profit or loss	-
	-
At 31 December 2020	1,134
	1,134

- (c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	2021 RM'000	Group 2020 RM'000
Unused tax losses		
- Expires by 31 December 2028	1,908	-
- Expires by 31 December 2029	1,963	4,675
- Expires by 31 December 2030	302	-
Unabsorbed capital allowances	7,173	6,488
Other temporary differences	158	506
	11,504	11,669

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

11. INVENTORIES

	Group	
	2021	2020
	RM'000	RM'000
At cost		
Raw materials	148,569	35,504
Work-in-progress	22,566	13,630
Manufacturing and trading inventories	77,438	35,740
	248,573	84,874
At net realisable value		
Raw materials	6,693	6,425
Work-in-progress	274	398
Manufacturing and trading inventories	10,671	2,593
	17,638	9,416
	266,211	94,290

- (a) Cost of inventories is determined on the weighted average basis and stated at lower of cost and net realisable value. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and manufacturing and trading inventories include the cost of raw materials, direct labour and a proportion of production overheads based on normal operating capacity of the production facilities.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM404,739,000 (2020: RM357,714,000). In addition, the amounts recognised in cost of sales include inventories written down of RM7,212,000 (2020: RM402,000).
- (c) The Group reversed the write down of inventories amounting to RM234,000 (2020: RM2,807,000). The reversal of the write down of inventories recorded in the previous financial year that was not required as the Group was able to sell those inventories above their carrying amounts.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
2021			
Forward currency contracts	17,631	17	(9)
2020			
Forward currency contracts	24,306	104	(275)

- (a) Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) Forward currency contracts have been entered into to operationally hedge receivables and forecast purchases denominated in foreign currencies that are expected to realise or occur at various dates within three (3) months (2020: three (3) months) from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components have been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

12. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

- (c) During the financial year, the Group recognised net gain of RM179,000 (2020: net loss of RM32,000) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 33 to the financial statements.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-current				
<u>Non-trade</u>				
Amount owing by subsidiaries	-	-	11,105	3,007
Less: Impairment losses	-	-	(97)	(97)
Total non-current receivables	-	-	11,008	2,910
Current				
<u>Trade</u>				
- Third parties	138,451	113,251	-	-
- Associates	54	37	-	-
	138,505	113,288	-	-
Less: Impairment losses	(3,417)	(1,975)	-	-
	135,088	111,313	-	-
<u>Non-trade</u>				
Other receivables	3,007	11,691	79	102
Deposits	276	137	14	14
Amount owing by subsidiaries	-	-	5,837	502
	3,283	11,828	5,930	618
Less: Impairment losses	-	-	(16)	(16)
	3,283	11,828	5,914	602
	138,371	123,141	5,914	602
Prepayments	34,081	3,318	32	9
Total current receivables	172,452	126,459	5,946	611
Total receivables	172,452	126,459	16,954	3,521
Total receivables, net of prepayment	138,371	123,141	16,922	3,512

- (a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2020: 30 to 120 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) The amounts owing by associates are subject to normal trade credit terms.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (d) Amount owing by subsidiaries represent advances bearing interest rate of 1.95% to 4.19% per annum (2020: 3.45% to 3.97% per annum) and current amount owing by subsidiaries repayable within 12 months (2020: 12 months) and non-current amount owing by subsidiaries repayable within 5 to 7 years (2020: 5 to 6 years).
- (e) Included in prepayments of the Group is an amount of RM29,564,000 (2020: RM1,076,000) made to suppliers for purchase of raw materials.
- (f) The currency exposure profile of trade and other receivables (net of prepayments) are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	133,240	118,821	16,922	3,512
US Dollar	3,672	2,919	-	-
Euro	1,064	-	-	-
Singapore Dollar	339	89	-	-
Indonesian Rupiah	20	1,021	-	-
Thai Baht	36	291	-	-
	138,371	123,141	16,922	3,512

- (g) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.
- (h) The Group use an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the average historical bad debts write-offs rate and general rate based on the length of time invoices are overdue. The trade receivables have been grouped based on shared credit risk characteristics and the days past due.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the producer price index and consumer price index as the key macroeconomic factors. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (i) Lifetime expected loss provision for trade receivables are as follows:

Group	Gross carrying amount RM'000	Impairment RM'000	Net balance RM'000
2021			
Current (not past due)	122,378	(798)	121,580
1-30 days past due	8,718	(290)	8,428
31-60 days past due	1,710	(94)	1,616
61-90 days past due	796	(51)	745
More than 90 days past due	3,875	(1,156)	2,719
	137,477	(2,389)	135,088
Credit impaired			
Individually impaired	1,028	(1,028)	-
	138,505	(3,417)	135,088
	138,505	(3,417)	135,088
Group	Gross carrying amount RM'000	Impairment RM'000	Net balance RM'000
2020			
Current (not past due)	95,864	(413)	95,451
1-30 days past due	8,736	(134)	8,602
31-60 days past due	3,614	(65)	3,549
61-90 days past due	981	(22)	959
	109,195	(634)	108,561
Credit impaired			
More than 90 days past due	1,598	(117)	1,481
Individually impaired	2,495	(1,224)	1,271
	113,288	(1,975)	111,313
	113,288	(1,975)	111,313

Individually impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- (i) when there is a breach of financial covenants by the counterparty; or
- (ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (i) Lifetime expected loss provision for trade receivables are as follows (cont'd):

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

- (j) As at the end of each reporting period, the credit risks exposures relating to trade receivables of the Group are summarised in the table below:

	2021 RM'000	Group 2020 RM'000
Maximum exposure	135,088	111,313
Collateral obtained	72,000	86,170
	63,088	25,143

The above collaterals are credit insurance obtained by the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

- (k) The reconciliation of movements in the impairment losses are as follows:

	2021 RM'000	Group 2020 RM'000
Trade receivables		
At 1 January	1,975	2,925
Charge for the financial year	1,445	733
Reversal of impairment losses	(3)	(1,683)
	3,417	1,975

- (l) Impairment for amount owing by a subsidiary, other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The Group has identified the gross domestic products ("GDP"), inflation rate, unemployment rate, consumer price index ("CPI"), producer price index ("PPI") and labour force participation rate as the key macroeconomic factors. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised.

At the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by the subsidiary and other receivables are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiary and other receivables.

The Group assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly and defaulted in payments which has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(l) Movements in the impairment allowance for amount owing by a subsidiary are as follows:

Company	12-month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Total RM'000
At 1 January/31 December 2021	-	113	113

Company	12-month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Total RM'000
At 1 January/31 December 2020	-	113	113

(m) No expected credit loss is recognised arising from other receivables as it is negligible.

(n) Information on financial risks of trade and other receivables and deposits are disclosed in Note 33 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	47,260	31,915	2,815	93

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	45,335	31,486	2,815	93
US Dollar	734	319	-	-
Thai Baht	73	52	-	-
Singapore Dollar	2	2	-	-
Indonesian Rupiah	1,116	56	-	-
	47,260	31,915	2,815	93

(b) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

14. CASH AND BANK BALANCES (cont'd)

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	47,260	31,915	2,815	93
Bank overdrafts (Note 17)	(2,207)	(3,230)	(441)	(1,934)
As reported in statements of cash flows	<u>45,053</u>	<u>28,685</u>	<u>2,374</u>	<u>(1,841)</u>

- (d) Information on financial risks of cash and bank balances is disclosed in Note 33 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2021 Number of shares '000	2021 RM'000	2020 Number of shares '000	2020 RM'000
Issued and fully paid				
Balance as at 1 January	204,831	106,608	204,831	106,608
Ordinary share issued pursuant to:				
- Private placement	19,403	19,403	-	-
- ESOS	1,111	939	-	-
- Bonus issue	135,206	-	-	-
Balance as at 31 December	<u>360,551</u>	<u>126,950</u>	<u>204,831</u>	<u>106,608</u>

- (a) Ordinary shares are classified as equity instruments and recorded at the nominal value.
- (b) During the financial year, the issued and paid-up share capital of the Company was increased from 204,831,000 to 360,551,000 by way of issuance of 155,720,000 new ordinary shares pursuant to the following:
- (i) Private placement of 19,403,000 new ordinary shares of RM1.00 each for cash totalling RM19,403,000;
 - (ii) 1,111,000 options exercised under the Employees' Share Option Scheme ('ESOS') at exercise prices ranging from RM0.53 to RM1.04 for cash totalling RM939,000; and
 - (iii) Issuance of 135,206,000 (including 6,532,000 treasury shares) new ordinary shares pursuant to the Bonus Issue exercise on the basis of 3 bonus shares for every 5 existing ordinary shares held.
- (c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

15. SHARE CAPITAL (cont'd)

(d) Treasury shares

- (i) When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently it shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

- (ii) The shareholders of the Company, by an ordinary resolution passed at its Annual General Meeting held on 26 June 2003, approved the plan of the Company to repurchase its own shares and the approval had been renewed in subsequent Annual General Meetings. The Directors are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan is in the best interests of the Company and its shareholders.

Of the total 360,551,000 (2020: 204,831,000) issued and fully paid ordinary shares as at 31 December 2021, 17,530,000 (2020: 10,888,000) amounting to RM8,420,000 (2020: RM8,358,000) are held as treasury shares by the Company. As at 31 December 2021, the number of outstanding ordinary shares in issue net of treasury shares is 343,021,000 (2020: 193,943,000) ordinary shares.

During the financial year, the Company repurchased 110,000 of its issued ordinary shares from the open market at an average price of RM0.56 per share. The total consideration paid for the repurchased shares was RM62,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

- (e) At the Annual General Meeting held on 21 July 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:
- (i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;
- (ii) The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company at the time of purchase(s); and
- (iii) The shares so repurchased be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities and/or cancelled and/or transfer for the purposes of or under an employees' share scheme and/or be dealt with by the Directors of the Company in the manners allowed by the Act.

The Company has the rights to retain, distribute, resell, cancel and or transfer for the purposes of or under an employees' share scheme and or such other purpose as allowed under the Act. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Details of the treasury shares are disclosed in Note 15(d) to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

16. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable				
Exchange translation reserve	1	28	-	-
Share options reserve	1,094	1,192	1,094	1,192
	1,095	1,220	1,094	1,192
Distributable				
Retained earnings	288,744	204,994	28,685	30,599
	289,839	206,214	29,779	31,791

(a) Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

Details of the Group's Employee Share Option Scheme is disclosed in Note 29 to the financial statements.

17. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current liabilities				
<u>Secured</u>				
Bank overdrafts	441	1,934	441	1,934
Trade financing	11,673	11,356	-	-
Revolving credits	32,500	32,000	29,500	29,000
Term loans	3,949	3,949	1,860	1,860
<u>Unsecured</u>				
Bank overdrafts	1,766	1,296	-	-
Trade financing	211,280	79,211	-	-
Revolving credit	16,000	12,500	-	-
	277,609	142,246	31,801	32,794

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

17. BORROWINGS (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities				
<u>Secured</u>				
Term loans	14,455	18,404	5,715	7,575
	<u>14,455</u>	<u>18,404</u>	<u>5,715</u>	<u>7,575</u>
Total borrowings				
<u>Secured</u>				
Bank overdrafts (Note 14(c))	441	1,934	441	1,934
Trade financing	11,673	11,356	-	-
Revolving credits	32,500	32,000	29,500	29,000
Term loans	18,404	22,353	7,575	9,435
<u>Unsecured</u>				
Bank overdrafts (Note 14(c))	1,766	1,296	-	-
Trade financing	211,280	79,211	-	-
Revolving credit	16,000	12,500	-	-
	<u>292,064</u>	<u>160,650</u>	<u>37,516</u>	<u>40,369</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) The bank borrowings of the Group and of the Company are secured by means of:

Group

- (i) first and third party registered legal charge over the Group's freehold land and buildings as disclosed in Note 4(d) to the financial statements; and
- (ii) corporate guarantee issued by the Company and personal guarantee by certain Directors of the subsidiaries.

Company

The bank borrowings of the Company are secured by a first legal charge over the freehold land and buildings of the Company as disclosed in Note 4(d) to the financial statements.

- (d) Restriction arose from bank covenants is as follow:
- A covenant of banking facilities undertaken by the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the subsidiary is making loss after tax.
- (e) Information on financial risks of borrowings of the Group and of the Company is disclosed in Note 33 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

18. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Present value of unfunded defined benefit obligations	5,852	4,220	1,856	1,421

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligations are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 January	4,220	4,009	1,421	1,367
Past service costs recognised in profit or loss	1,390	211	431	54
Actuarial loss from re-measurement	242	-	4	-
Balance as at 31 December	5,852	4,220	1,856	1,421

The principal actuarial assumptions used are as follows:

	2021	2020
Discount rate	4.60%	5.10%
Salary increment rate	5.00%	5.00%

The impact on changes of each significant actuarial assumption while holding all other assumptions constant as at the end of the reporting period are as follows:

	2021 RM'000	2020 RM'000
Discount rate increase by 1%	-458	-107
Discount rate decrease by 1%	+518	+116
Salary increment rate increase by 1%	+408	+153
Salary increment rate decrease by 1%	-370	-144

- (a) The Company operates an unfunded defined benefit plan for eligible employees of the Company. The benefits payable on retirement are generally based on the length of service and basic monthly salary of the eligible employee. The first valuation was carried out on 21 November 2017 and subsequently updated on 26 January 2019. Re-measurement on the defined benefit plan was updated on 13 December 2021.
- (b) The amount recognised as a liability in respect of defined benefit plan is the present value of the defined benefit obligations at the reporting date.
- (c) The defined benefit obligation is measured using the projected unit credit actuarial cost method.
- (d) The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

18. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

- (e) The net changes in the defined benefit liabilities are recognised as a cost of defined benefit plan.
- (f) Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	15,451	10,331	-	-
Associate	4,134	2,597	-	-
	19,585	12,928	-	-
Other payables				
Third parties	9,417	5,245	348	129
Amounts owing to subsidiaries	-	-	488	1,405
Associate	324	326	324	324
Accruals	20,424	9,386	9,379	1,167
	30,165	14,957	10,539	3,025
	49,750	27,885	10,539	3,025

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2020: 30 to 120 days) from date of invoice.
- (c) The amount owing to an associate (trade) is subject to normal trade credit terms.
- (d) Amounts owing to subsidiaries and associate (non-trade) represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free.
- (e) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	45,186	26,095	10,539	3,025
Thai Baht	55	99	-	-
US Dollar	4,242	1,604	-	-
Singapore Dollar	260	28	-	-
Indonesian Rupiah	7	59	-	-
	49,750	27,885	10,539	3,025

- (f) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

20. CAPITAL COMMITMENTS

Group	2021 RM'000	2020 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	4,846	8,502
Approved but not contracted for	1,879	1,115
	6,725	9,617
	6,725	9,617
Company	2021 RM'000	2020 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	376	326
	376	326
	376	326

21. CONTINGENT LIABILITIES

	2021 RM'000	Company 2020 RM'000
Unsecured:		
- Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	406,429	382,429
	406,429	382,429
	406,429	382,429

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Company recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

22. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Revenue from contracts with customers</i>				
Sale of goods	533,878	404,373	-	-
<i>Other revenue:</i>				
Gross dividend income from:				
- subsidiaries	-	-	10,220	2,800
- associates	-	-	3,347	236
Rental income	4,801	5,608	5,217	5,116
	538,679	409,981	18,784	8,152
	538,679	409,981	18,784	8,152

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

22. REVENUE (cont'd)

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the products has been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

(b) Dividend income

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

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(d) Disaggregation of revenue from contract with customers has been presented in the operating segments, Note 31 to the financial statements. No revenue was recognised over time.

23. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- current year	203	194	37	35
Interest expense on:				
- trade financing	4,843	4,252	-	-
- revolving credits	1,828	2,024	1,216	1,330
- bank overdrafts	95	114	32	22
- term loans	820	1,100	355	493
- lease liabilities	127	246	8	14
- subsidiaries	-	-	24	9
Loss on disposal of property, plant and equipment	13	4	-	-
Realised loss on foreign exchange	58	113	-	-
Retirement benefit obligations	1,390	211	431	54
Unrealised loss on foreign exchange	-	238	-	-
And crediting:				
Gain on disposal of:				
- property, plant and equipment	3	123	-	-
- investment property	44	-	-	-
- assets held for sale	-	8,126	-	-
Interest income:				
- deposits with licensed banks	546	560	100	17
- subsidiaries	-	-	263	166
Realised gain on foreign exchange	23	165	-	-
Unrealised gain on foreign exchange	238	-	-	-

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

24. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive:				
Fees	85	85	85	85
Emoluments other than fees	9,915	7,247	1,410	1,176
Shares options granted share options scheme	53	-	-	-
Non-executive:				
Fees	265	175	265	175
Emoluments other than fees	13	11	13	11
	10,331	7,518	1,773	1,447

The estimated monetary value of benefits-in-kind received or receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM150,000 (2020: RM165,000) and RM36,000 (2020: RM36,000) respectively.

25. TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense based on profit for the financial year:				
- income tax	24,815	4,225	500	360
- over provision in prior years	(208)	(57)	(47)	(48)
	24,607	4,168	453	312
Deferred tax (Note 10)				
Relating to origination and reversal of temporary differences	(1,022)	994	130	-
Under provision in prior year	-	191	-	-
	(1,022)	1,185	130	-
Real property gain tax	-	138	-	-
	23,585	5,491	583	312

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2020: twenty-four percent (24%)) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

25. TAXATION (cont'd)

- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	118,776	27,687	9,823	900
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	28,506	6,645	2,358	216
Tax effects in respect of:				
- Non-allowable expenses	3,923	3,294	1,303	873
- Non-taxable income	(8,596)	(4,747)	(3,031)	(729)
- Deferred tax assets not recognised	13	339	-	-
- Utilisation of deferred tax assets not recognised in prior years	(53)	(312)	-	-
	23,793	5,219	630	360
Real property gain tax	-	138	-	-
Over provision of tax expenses in prior years	(208)	(57)	(47)	(48)
Under provision of deferred tax in prior year	-	191	-	-
	23,585	5,491	583	312

- (d) Tax on each component of other comprehensive income is as follows:

Group	2021			2020		
	Before tax RM'000	Tax effect RM'000	After tax RM'000	Before tax RM'000	Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translations	(27)	-	(27)	43	-	43



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

25. TAXATION (cont'd)

(d) Tax on each component of other comprehensive income is as follows: (cont'd)

2021	Before tax RM'000	Group Tax effect RM'000	After tax RM'000	Before tax RM'000	Company Tax effect RM'000	After tax RM'000
Item that will not be reclassified subsequently to profit or loss						
Re-measurement of defined benefits liability	(242)	-	(242)	(4)	-	(4)

26. DIVIDENDS

	Group and Company			
	2021	2020		
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
In respect of financial year ended 31 December 2019				
- Final cash dividend	-	-	1.0	1,939
In respect of financial year ended 31 December 2020				
- Final cash dividend	1.0	2,145	-	-
In respect of financial year ended 31 December 2021				
- First interim cash dividend	1.0	2,145	-	-
- Second interim cash dividend	2.0	6,860	-	-
	4.0	11,150	1.0	1,939

- (a) Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.
- (b) As approved by shareholders at an Annual General Meeting held on 21 July 2021, a final single tier dividend of 1.0 sen per share, amounting to approximately RM2,145,000 in respect of financial year ended 31 December 2020 was paid on 30 July 2021.
- (c) A first interim single tier dividend of 1.0 sen per share, amounting to approximately RM2,145,000 in respect of financial year 2021 paid on 30 July 2021.
- (d) A second interim single tier dividend of 2.0 sen per share, amounting to approximately RM6,860,000 in respect of financial year 2021 paid on 21 January 2022.
- (e) The Directors propose a final single tier cash dividend of 2.0 sen per share, amounting to approximately RM6,860,000 in respect of the financial year ended 31 December 2021, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

27. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

The following table reflects the profit and share data used in the computation of basic earnings per ordinary share:

	2021	Group 2020 Restated
Profit attributable to equity holders of the parent (RM'000)	95,196	22,238
Weighted average number of ordinary shares outstanding (adjusted for treasury shares) ('000)	334,231	322,836
Basic earnings per ordinary share (sen)	28.48	6.89

(b) Diluted earnings per share

Diluted earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares and adjusted for the number of ordinary shares that could have been issued under the Employees' Share Option Scheme ("ESOS"). The details of ESOS are disclosed in Note 29 to the financial statements.

The following table reflects the profit and share data used in the computation of diluted earnings per ordinary share:

	2021	Group 2020 Restated
Profit attributable to equity holders of the parent (RM'000)	95,196	22,238
Weighted average number of ordinary shares used in the calculation of basic earnings per ordinary share ('000)	334,231	322,836
Effects of dilution due to the ESOS ('000)	95	285
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	334,326	323,121
Diluted earnings per ordinary share (sen)	28.47	6.88



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

28. EMPLOYEE BENEFITS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, wages and bonuses	37,900	35,620	3,085	2,302
Defined contribution plan	4,165	3,542	341	267
Defined benefit plan	1,390	211	431	54
Other employee benefits	2,994	2,662	82	39
	46,449	42,035	3,939	2,662

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM9,928,000 (2020: RM7,258,000) and RM1,423,000 (2020: RM1,187,000) respectively.

29. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in equity, with the introduction of the Companies Act 2016 effective 31 January 2017.

The Employees Share Options Scheme ("ESOS") came into effect on 21 April 2014. The ESOS shall be in force for a period of ten (10) years until 20 April 2024 ("the option period"). The main features of the ESOS are as follows:

- (a) Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;
- (b) The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2021 for ordinary shares previously issued under the ESOS is 26,077,100;
- (c) The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;
- (d) The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;
- (e) The option price of a new ordinary share under the ESOS shall be the five (5)-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten percent (10%) of the weighted average market price, or at the par value of the ordinary shares, whichever is higher;
- (f) The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- (g) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the options period.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

29. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

The details of the options over ordinary shares of the Company are as follows:

	[----- Number of options over ordinary shares -----]					Exercisable as at 31.12.2021
	Outstanding as at 1.1.2021	Movement during the financial year [-----]			Outstanding as at 31.12.2021	
		Granted	Exercised	Lapsed		
2021						
2014 options ('000)	1,407	267	(1,111)	(234)	329	329
Weighted average exercise prices (RM)	0.70	1.04	0.76	0.82	0.69	0.69
Weighted average remaining contractual life (months)	40					28

	[----- Number of options over ordinary shares -----]					Exercisable as at 31.12.2020
	Outstanding as at 1.1.2020	Movement during the financial year [-----]			Outstanding as at 31.12.2020	
		Granted	Exercised	Lapsed		
2020						
2014 options ('000)	1,412	-	-	(5)	1,407	1,407
Weighted average exercise prices (RM)	0.70	-	-	0.53	0.70	0.70
Weighted average remaining contractual life (months)	52					40

	Weighted average exercise price		Exercise period
	2021 RM	2020 RM	
2014 options	0.76	0.70	9.5.2014 - 20.4.2024



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

29. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

The fair value of share options granted during the previous financial year was estimated by an independent professional valuer using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSS"). The fair value of share options measured at grant date and the assumptions are as follows:

	2014
Fair value of share options at the following grant dates (RM):	
9 May 2014	0.09
Weighted average share price (RM)	0.56
Weighted average exercise price (RM)	0.53 – 1.04
Expected volatility (%)	28.73
Expected life (years)	10
Risk free rate (%)	3.17
Expected dividend yield (%)	3.45

30. RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationships with its direct, indirect subsidiaries, and its associate.

The Group also has related party relationships with the following parties:

Related parties	Relationship
Chiho Hardware Sdn. Bhd.	A company in which Toh Yew Chin, Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat, Toh Yew Kar are also Directors and shareholders
Syarikat Kwong Nam Hing Sdn. Bhd.	A company in which Dato' Toh Yew Peng and Toh Yew Keat are also Directors and shareholders
YK Toh (M) Sdn. Bhd.	A company in which Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin are also Directors and shareholders
YK Toh Marketing (S) Pte. Ltd.	A company in which Toh Yew Chin is also a Director and shareholder
Tashin Steel Sdn. Bhd.	A subsidiary of an associate, Tashin Holdings Berhad
Tashin Hardware Sdn. Bhd.	A subsidiary of an associate, Tashin Holdings Berhad

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

	Company	
	2021	2020
	RM'000	RM'000
Transactions with subsidiaries:		
Gross dividend income	(10,220)	(2,800)
Interest paid	24	9
Rental income	(3,610)	(3,509)
Interest income	(263)	(166)
Purchase of goods	-	4

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

30. RELATED PARTY TRANSACTIONS (cont'd)

(b) Significant related party transactions (cont'd)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year: (cont'd)

	Company	
	2021	2020
	RM'000	RM'000
Transactions with associates:		
<i>POSCO-MKPC Sdn. Bhd.</i>		
Rental income	(1,607)	(1,607)
Dividend income	(381)	(236)
<i>Tashin Holdings Berhad</i>		
Dividend income	(2,966)	-
Transactions with an associate:		
<i>POSCO-MKPC Sdn. Bhd.</i>		
Sales of goods	(128)	(65)
Purchase of goods	12,231	23,058
Rental income	(1,607)	(1,607)
Transactions with subsidiaries of an associate:		
<i>Tashin Steel Sdn. Bhd.</i>		
Sales of goods	(83)	(187)
Purchase of goods	780	353
<i>Tashin Hardware Sdn. Bhd.</i>		
Sales of goods	-	(2)
Transactions with companies in which the substantial shareholders have financial interests:		
<i>Chiho Hardware Sdn. Bhd.</i>		
Sales of goods	(664)	(677)
Purchases	23	15
<i>YK Toh (M) Sdn. Bhd.</i>		
Rental paid	30	32
Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
<i>Syarikat Kwong Nam Hing Sdn. Bhd.</i>		
Sale of goods	(25)	(37)
Transactions with companies in which Toh Yew Chin has financial interests:		
<i>YK Toh Marketing (S) Pte. Ltd.</i>		
Sales of goods	(4,828)	(3,054)
Purchases	1,614	2,441

The related party transactions described above were carried out on negotiated terms and conditions mutually agreed with the respective related parties.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

30. RELATED PARTY TRANSACTIONS (cont'd)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Directors (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term employee benefits	10,605	7,904	2,638	2,135
Contributions to defined contribution plan	1,579	1,202	321	261
	12,184	9,106	2,959	2,396

Executive Directors of the Group and the Company and other key management personnel have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January	560	560	382	250
Additions	-	-	-	132
Grant	30	-	-	-
Exercised	(518)	-	(382)	-
Lapsed	(30)	-	-	-
As at 31 December	42	560	-	382

The terms and conditions of the share options are detailed in Note 29 to the financial statements.

31. OPERATING SEGMENTS

Prestar Resources Berhad and its subsidiaries are principally engaged in investment holding, trading and manufacturing of steel related products.

Prestar Resources Berhad has arrived at three (3) reportable segments that are organised and managed separately based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

Investment	:	Investment holding, long term investment in quoted shares and property investment
Trading	:	Sales of hardware and steel related products
Manufacturing	:	Manufacturing of steel related products

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and goodwill. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period for each reportable segment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

31. OPERATING SEGMENTS (cont'd)

2021

	Investment RM'000	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue				
Total revenue	18,784	149,075	434,802	602,661
Inter-segment revenue	(17,177)	(7,181)	(39,624)	(63,982)
Revenue from external customers	1,607	141,894	395,178	538,679
Finance costs	(1,372)	(956)	(5,385)	(7,713)
Interest income	100	144	302	546
Net finance expense	(1,272)	(812)	(5,083)	(7,167)
Depreciation	1,381	2,383	4,051	7,815
Segment profit before income tax	27,107	22,706	68,963	118,776
Share of profit of associates	30,851	-	-	30,851
Taxation	(583)	(5,273)	(17,729)	(23,585)
Other material non-cash items:				
Impairment losses on trade and other receivables	-	134	1,311	1,445
Reversal of impairment losses on trade and other receivables	-	-	(3)	(3)
Reversal of written down of inventories	-	-	(234)	(234)
Gain on disposal of :				
- property, plant and equipment	-	-	(3)	(3)
- investment property	-	-	(44)	(44)
Loss on disposal of property, plant and equipment	-	-	13	13
Impairment of property, plant and equipment	-	-	1,003	1,003
Inventories written down	-	527	6,685	7,212
Unrealised gain on foreign exchange	-	(127)	(111)	(238)
Capital expenditure	574	946	10,162	11,682
Segment assets	208,784	118,177	443,594	770,555
Segment liabilities	49,997	53,261	245,869	349,127



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

31. OPERATING SEGMENTS (cont'd)

2020

	Investment RM'000	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue				
Total revenue	8,152	126,594	322,335	457,081
Inter-segment revenue	(6,545)	(3,830)	(36,725)	(47,100)
Revenue from external customers	1,607	122,764	285,610	409,981
Finance costs	(1,701)	(1,470)	(4,565)	(7,736)
Interest income	17	190	353	560
Net finance expense	(1,684)	(1,280)	(4,212)	(7,176)
Depreciation	1,391	2,605	3,977	7,973
Segment profit before income tax	5,119	7,663	14,905	27,687
Share of profit of associates	5,054	-	-	5,054
Taxation	(312)	(47)	(5,132)	(5,491)
Other material non-cash items:				
Impairment losses on trade and other receivables	-	42	691	733
Reversal of impairment losses on trade and other receivables	-	-	(1,683)	(1,683)
Reversal of written down of inventories	-	(1,093)	(1,714)	(2,807)
Gain on disposal of :				
- property, plant and equipment	-	-	(123)	(123)
- assets held for sale	-	(8,126)	-	(8,126)
Loss on disposal of property, plant and equipment	-	4	-	4
Impairment of property, plant and equipment	-	-	354	354
Inventories written down	-	33	369	402
Unrealised loss on foreign exchange	-	130	108	238
Capital expenditure	88	1,690	5,229	7,007
Segment assets	179,365	84,361	243,778	507,504
Segment liabilities	45,062	37,070	113,962	196,094

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

31. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

Revenue	2021 RM'000	2020 RM'000
Total revenue for reportable segments	602,661	457,081
Elimination of inter-segmental revenues	(63,982)	(47,100)
	<hr/>	<hr/>
Revenue of the Group per statements of profit or loss and other comprehensive income	538,679	409,981
	<hr/>	<hr/>
Profit for the financial year		
Total profit for reportable segments	118,776	27,687
Profit before tax	118,776	27,687
Taxation	(23,585)	(5,491)
	<hr/>	<hr/>
Profit for the financial year of the Group per statements of profit or loss and other comprehensive income	95,191	22,196
	<hr/>	<hr/>
Assets		
Total assets for reportable segments	770,555	507,504
Tax assets	400	109
Goodwill	1,675	1,675
	<hr/>	<hr/>
Assets of the Group per statements of financial position	772,630	509,288
	<hr/>	<hr/>
Liabilities		
Total liabilities for reportable segments	349,127	196,094
Tax liabilities	15,134	8,643
	<hr/>	<hr/>
Liabilities of the Group per statements of financial position	364,261	204,737
	<hr/>	<hr/>

Geographical information

The business activities of the Group are predominantly located in Malaysia and as such segment reporting by geographical location is not presented.

Major customers

The Group does not have major customers with revenue equal to or more than ten percent (10%) of the revenue of the Group.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

32. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital on the basis of the Group's consolidated gearing ratio which is total external debts divided by consolidated net tangible assets. The Group has a target gearing ratio of 1.50 times. External debts comprise borrowings and lease liabilities owing to financial institutions. Consolidated net tangible assets represents shareholders' funds (excluding non-controlling interests) less intangible assets and net deferred tax.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Borrowings	292,064	160,650	37,516	40,369
Lease liabilities	1,452	3,064	85	245
	<u>293,516</u>	<u>163,714</u>	<u>37,601</u>	<u>40,614</u>
Shareholders' funds (excluding non-controlling interests)	408,369	304,464	148,309	130,041
Less: Intangible assets	(1,675)	(1,675)	-	-
Add: Deferred tax liabilities	6,395	7,417	1,264	1,134
Net tangible assets	<u>413,089</u>	<u>310,206</u>	<u>149,573</u>	<u>131,175</u>
Gearing ratio	<u>0.71</u>	<u>0.53</u>	<u>0.25</u>	<u>0.31</u>

The Group maintains a gearing ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement for the financial year ended 31 December 2021.

(b) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the current market rate available for similar borrowings.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(b) Methods and assumptions used to estimate fair value (cont'd)

The fair values of financial assets and financial liabilities are determined as follows: (cont'd)

(ii) Obligation under finance lease and non-current amount owing by subsidiaries

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

(iii) Derivatives

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of the reporting period.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount 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 other financial instruments at fair value.

2021 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial assets								
Financial assets at fair value through profit or loss								
- Forward currency contracts	-	17	-	-	-	-	17	17
Financial liabilities								
Financial liabilities at fair value through profit or loss								
- Forward currency contracts	-	9	-	-	-	-	9	9
Unrecognised financial liabilities								
- Contingent liabilities	-	-	-	-	-	-	-	#

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount 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. (cont'd)

The table below analyses other financial instruments at fair value. (cont'd)

2020 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM'000	Total RM'000	Total RM'000	Total RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000					
Financial assets											
Financial assets at fair value through profit or loss											
- Forward currency contracts	-	104	-	-	-	-	104	-	-	104	104
Financial liabilities											
Financial liabilities at fair value through profit or loss											
- Forward currency contracts	-	275	-	-	-	-	275	-	-	275	275
Unrecognised financial liabilities											
- Contingent liabilities	-	-	-	-	-	-	-	-	-	-	-

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value hierarchy (cont'd)

The carrying amount 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. (cont'd)

The table below analyses other financial instruments at fair value. (cont'd)

2021 Company	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Financial assets Amount owing by subsidiaries	-	-	-	-	10,558	-	10,558	11,105
Unrecognised financial liabilities - Contingent liabilities	-	-	-	-	-	#	#	-
2020 Company								
Financial assets Amount owing by a subsidiary	-	-	-	-	2,637	-	2,637	3,007
Unrecognised financial liabilities - Contingent liabilities	-	-	-	-	-	#	#	-

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity risk and cash flow risk, interest rate risk and foreign currency risk.

Financial risk management is carried out through risk review programmes, internal control systems and adherence to the Group financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks. The exposure of the Group to financial risks and the management of its related exposures are as follows:

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with their customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting the associations to business customers with high creditworthiness. Certain subsidiaries of the Group have bought the collateral insurance for turnover of RM72,000,000 in the financial year ended 31 December 2021 (2020: RM86,170,000) to minimise the credit risk. Trade receivables are monitored on an ongoing basis through the management reporting procedures of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding trade and other receivables is disclosed in Note 13 to the financial statements. The Group does not have any significant concentration of credit risk related to any individual customers or counterparty.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they are fall due. The exposure of the Group and the Company to liquidity risk arises principally from various lease liabilities, payables and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. The Company has net current liability of RM33,824,000 as at 31 December 2021. The Directors have assessed the Company's cash flow position for the next twelve (12) months to ensure that the Company has sufficient funds to meet its obligations as and when they fall due.

Prudent liquidity risk management is applied by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining the flexibility in funding by keeping committed credit lines available.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity and cash flow risk (cont'd)

The table below summaries the maturity profile of the liabilities of the Group and the Company at the end of each reporting period based on contractual undiscounted repayment obligations:

2021	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Borrowings	280,457	11,990	3,790	296,237
Lease liabilities	976	378	-	1,354
Trade and other payables	49,750	-	-	49,750
Derivatives liabilities	9	-	-	9
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	331,192	12,368	3,790	347,350
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
Financial liabilities				
Borrowings	32,280	5,923	-	38,203
Lease liabilities	87	-	-	87
Trade and other payables	10,539	-	-	10,539
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	42,906	5,923	-	48,829
	<hr/>	<hr/>	<hr/>	<hr/>
2020				
Group				
Financial liabilities				
Borrowings	142,581	15,351	5,182	163,114
Lease liabilities	1,714	1,451	43	3,208
Trade and other payables	27,885	-	-	27,885
Derivatives liabilities	275	-	-	275
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	172,455	16,802	5,225	194,482
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
Financial liabilities				
Borrowings	32,327	8,214	-	40,541
Lease liabilities	167	87	-	254
Trade and other payables	3,025	-	-	3,025
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	35,519	8,301	-	43,820
	<hr/>	<hr/>	<hr/>	<hr/>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The income and operating cash flows of the Group and of the Company are independent of changes in market interest rates. Interest rate exposure arises mainly from the bank borrowings of the Group and of the Company is managed through effective negotiation with financial institutions for best available rates.

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by changes in interest rates.

Group

As at 31 December 2021, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM155,000 (2020: RM194,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM155,000 (2020: RM194,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for interest rate risk

Company

As at 31 December 2021, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM60,000 (2020: RM86,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM60,000 (2020: RM86,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

As at 31 December 2021		WAEIR						Total	
Group	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	RM'000	RM'000
Fixed rate									
Trade financing	3.27	(222,953)	-	-	-	-	-	(222,953)	-
Revolving credits	3.89	(48,500)	-	-	-	-	-	(48,500)	-
Floating rate									
Bank overdrafts	6.45	(2,207)	-	-	-	-	-	(2,207)	-
Term loans	4.08	(3,949)	(3,307)	(3,093)	(3,093)	(1,368)	(3,594)	(18,404)	-
Company									
Fixed rate									
Amount owing by subsidiaries	3.28	5,837	1,866	1,926	1,988	2,052	3,273	16,942	-
Revolving credits	4.09	(29,500)	-	-	-	-	-	(29,500)	-
Floating rate									
Bank overdrafts	5.45	(441)	-	-	-	-	-	(441)	-
Term loans	4.24	(1,860)	(1,860)	(1,860)	(1,860)	(135)	-	(7,575)	-



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (cont'd)

As at 31 December 2020								
Group	WAEIR %	Within	1 - 2	2 - 3	3 - 4	4 - 5	More than	Total
		1 year	years	years	years	years	5 years	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed rate								
Trade financing	3.69	(90,567)	-	-	-	-	-	(90,567)
Revolving credits	4.39	(44,500)	-	-	-	-	-	(44,500)
Floating rate								
Bank overdrafts	4.48	(3,230)	-	-	-	-	-	(3,230)
Term loans	4.43	(3,949)	(3,949)	(3,307)	(3,093)	(3,093)	(4,962)	(22,353)
Company								
Fixed rate								
Amount owing by a subsidiary	3.71	502	517	535	555	575	825	3,509
Revolving credits	4.42	(29,000)	-	-	-	-	-	(29,000)
Floating rate								
Bank overdrafts	5.45	(1,934)	-	-	-	-	-	(1,934)
Term loans	4.24	(1,860)	(1,860)	(1,860)	(1,860)	(1,860)	(135)	(9,435)



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arise from transactions that are denominated in currencies other than functional currency of the operating entity.

The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM1,925,000 (2020: RM429,000) for the Group.

Transactional currency exposures of the Group mainly arise from transactions entered into by subsidiaries in currencies other than their functional currency. The Group enters into forward foreign currency contracts for its foreign currency exposures and the management monitors these exposures on an ongoing basis.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for trade receivables and trade payables which are denominated in currencies other than the functional currency of the Group.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 31 December 2021 and 31 December 2020 are as follows:

2021	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities Within
Forward contracts used to hedge trade receivables	USD	589	2,480	3 months
Forward contracts used to hedge trade receivables	SGD	110	339	3 months
Forward contracts used to hedge trade payables	USD	3,534	14,810	3 months
Forward contracts used to hedge trade payables	SGD	1	2	3 months
2020				
Forward contracts used to hedge trade receivables	USD	972	4,003	3 months
Forward contracts used to hedge trade payables	USD	4,960	20,300	3 months
Forward contracts used to hedge trade payables	SGD	1	3	3 months

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's profit after tax to a reasonably possible change in US Dollar ("USD"), Thai Baht ("THB"), Euro ("EURO"), Singapore Dollar ("SGD") and Indonesia Rupiah ("IDR") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	2021 RM'000	Group 2020 RM'000
Profit after tax		
USD		
- strengthen by 3%	+30	+37
- weaken by 3%	-30	-37
THB		
- strengthen by 3%	+3	+6
- weaken by 3%	-3	-6
EURO		
- strengthen by 3%	+24	-
- weaken by 3%	-24	-
SGD		
- strengthen by 3%	+2	+1
- weaken by 3%	-2	-1
IDR		
- strengthen by 3%	-	+23
- weaken by 3%	-	-23

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) Private placement

On 3 May 2021, the Company announced a Proposed Private Placement of up to 19,403,200 new ordinary shares of the Company ("Placement Shares"), representing up to 10% of the total number of issued shares of the Company ("Private Placement").

On 11 May 2021, Bursa Securities had approved the listing of 19,403,200 new ordinary shares to be issued pursuant to the Proposed Private Placement, subject to the fulfilment of certain conditions.

The Private Placement was completed with the listing of and quotation for 19,403,000 Placement Shares on the Main Market of Bursa Securities on 8 June 2021, raising total gross proceeds of RM19,403,000 as disclosed in Note15 to the financial statements.

(b) Bonus Issue

On 10 June 2021, the Company announced a Proposed Bonus Issue of up to 135,483,672 new ordinary shares in the Company ("Bonus Share(s)") on the basis of three (3) Bonus Shares for every five (5) existing shares held in the Company ("Proposed Bonus Issue").

On 24 June 2021, Bursa Securities had approved the listing of 135,483,672 new Prestar Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The Bonus Issue was completed following the listing of and quotation for 135,206,000 Bonus Shares (including 6,532,000 treasury shares) pursuant to the Bonus Issue on the Main Market of Bursa Securities on 13 August 2021 as disclosed in Note15 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (cont'd)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021 (early adopted)

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

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments since the effects would only be observable for future financial years.

LIST OF PROPERTIES FOR FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Tenure	Built-up Area	Year of Expiry	Description /Existing Use	Carrying Amount (RM'000)	Age of Building (years)	Date of Acquisition/ Revaluation
PRESTAR RESOURCES BERHAD							
GM 4895, Lot 1298 Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	583,602 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	40,169	14 to 26	5 April 2001
P.M. 5176, Lot 72471 and P.M. 5177, Lot 72470, Pekan Subang, Daerah Petaling, Negeri Selangor Darul Ehsan	99 years Leasehold *(94 years)	58,022 sq ft	2115	Office cum Warehouse for Prestar Marketing Sdn Bhd	19,197	4	9 Jan 2019
PRESTAR STORAGE SYSTEM SDN. BHD.							
Geran 86261, Lot 162 (Lot 39), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	92,836 sq ft	nil	Office cum manufacturing site	14,440	28	17 Aug 2015
Geran 86347, Lot 202 (Lot 3), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	43,930 sq ft	nil	Office cum manufacturing site	16,341	22	18 Oct 2019
PRESTAR MARKETING SDN. BHD.							
Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	757	59	29 Dec 1993

* Balance of Leasehold Tenure



STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2022

Total number of issued shares	: 360,589,156 ordinary shares
Class of Shares	: Ordinary shares
Number of Shareholders	: 5,615
Voting Rights	: One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	[----- No. of Shares Held -----]			
	Direct	%	Indirect	%
Fabulous Essence Sdn. Bhd.	84,147,520	24.53	-	-
Y.K. Toh Property Sdn. Bhd.	32,958,720	9.61	-	-
Toh Yew Keat	7,018,747	2.05	⁽¹⁾ 117,106,240	34.14
Dato' Toh Yew Peng	15,500,000	4.52	⁽¹⁾ 117,106,240	34.14
Soh Tik Siew	17,252,320	5.03	-	-

Note:

- (1) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	183	3.26	8,657	0.00
100 - 1,000	317	5.64	167,770	0.05
1,001 - 10,000	2,872	51.15	15,735,728	4.59
10,001 -100,000	1,951	34.75	59,152,817	17.24
100,001 - 17,152,972 (*)	289	5.15	150,365,864	43.83
17,152,973 and above (**)	3	0.05	117,628,640	34.29
Total	5,615	100.00	343,059,476	100.00

Remarks:

* Less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Nationality	[----- Direct Interest -----]		[---- Indirect Interest ----]	
		No. of shares held	%	No. of shares held	%
Shamsudin @ Samad Bin Kassim	Malaysian	828,000	0.24	0	0
Dato' Toh Yew Peng	Malaysian	15,500,000	4.52	*117,426,240	34.23
Toh Yew Kar	Malaysian	4,675,641	1.37	0	0
Toh Yew Seng	Malaysian	5,370,003	1.57	0	0
Toh Yew Chin	Singaporean	4,315,641	1.26	0	0
Kenny Toh Jin Tat	Malaysian	160,000	0.05	0	0
Md. Nahar Bin Noordin	Malaysian	2,000,000	0.58	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	176,000	0.05	0	0
Dato' Lim Cheang Nyok	Malaysian	310,400	0.09	0	0
Lou Swee You	Malaysian	302,400	0.09	0	0

Notes:

- * Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 and the shareholdings of his son, Mr. Alan Toh Jin Joo in Prestar Resources Berhad pursuant to Section 59(11) of the Companies Act 2016.

STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2022 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1.	FABULOUS ESSENCE SDN. BHD.	80,307,520	23.41
2.	Y.K. TOH PROPERTY SDN. BHD.	20,068,800	5.85
3.	SOH TIK SIEW	17,252,320	5.03
4.	Y.K. TOH PROPERTY SDN. BHD.	12,889,920	3.76
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)</i>	11,298,000	3.29
6.	TOH YEW KEAT	7,018,747	2.05
7.	TOH YEW SENG	5,370,003	1.57
8.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>[EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)]</i>	4,648,000	1.35
9.	TOH YEW KEONG	4,432,318	1.29
10.	TOH YEW CHIN	4,315,641	1.26
11.	RHB NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)</i>	4,182,000	1.22
12.	TOH POH KHUAN	3,856,368	1.12
13.	FABULOUS ESSENCE SDN. BHD.	3,840,000	1.12
14.	TOH YEW HOE	3,626,006	1.06
15.	SIM LEONG YEW	3,000,000	0.87
16.	TOH YEW KAR	2,765,241	0.81
17.	TAN LYE HUAT	2,250,000	0.66
18.	MD NAHAR BIN NOORDIN	2,000,000	0.58
19.	TOH YEW KAR	1,910,400	0.56
20.	TAY YING LIM @ TAY ENG LIM	1,698,880	0.50
21.	HLB NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR YEE WAI LENG)</i>	1,650,000	0.48
22.	NG WEE TIEW @ NG WEE CHIEW	1,430,720	0.42
23.	MAH SIEW HOE	1,260,000	0.37
24.	FAM KEAT HONG	1,200,000	0.35
25.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR GOH CHING MUN)</i>	1,200,000	0.35
26.	HLB NOMINEES (TEMPATAN) SDN. BHD. <i>(PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO)</i>	1,100,000	0.32
27.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. <i>(THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.)</i>	1,034,620	0.30
28.	PM NOMINEES (TEMPATAN) SDN. BHD. <i>[PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (B)]</i>	1,000,000	0.29
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. <i>[PLEDGED SECURITIES ACCOUNT FOR SIEW MUN WAI (MY2388)]</i>	933,000	0.27
30.	TAN SHU AYAN	930,360	0.27

Note : The analysis of shareholdings is based on the total number of issued shares of the Company after deducting 17,529,680 ordinary shares bought back by the Company and held as treasury shares as at 31 March 2022.

PRESTAR RESOURCES BERHAD

[Registration no. 198401010527 (123066-A)]
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

FORM OF PROXY

*I/We (full name in block capitals),

NRIC/Passport No./Registration No. Contact No. Email

of (full address)

being a *member/members of PRESTAR RESOURCES BERHAD, hereby appoint:

First Proxy "A"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email:		
	Contact No.:		

*and/or

Second Proxy "B"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email:		
	Contact No.:		

*or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held on a virtual basis via Remote Participation and Voting Facilities at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 15 June 2022 at 10:00 a.m. or at any adjournment thereof.

The proxy is to vote on the business before the Meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

AGENDA

Resolution No.	Resolutions	For	Against
1.	To approve the payment of a single-tier final dividend.		
2.	To approve the payment of Directors' fees.		
3.	To approve the benefits payable to the Non-Executive Directors.		
4.	To re-elect Dato' Lim Cheang Nyok.		
5.	To re-elect Mr. Toh Yew Chin.		
6.	To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Authority to Issue Shares pursuant to the Companies Act 2016.		
8.	Proposed Renewal of Share Buy-Back Authority.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
10.	Retention of Mr. Lou Swee You as an Independent Non-Executive Director.		
11.	Retention of Tuan Haji Fadzullah Shuhaimi Bin Salleh as an Independent Non-Executive Director.		
12.	Retention of Dato' Lim Cheang Nyok as an Independent Non-Executive Director.		

* Strike out whichever not applicable.

Signed this day of 2022

.....
Signature of Member/Common Seal

Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2022 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers and its subsequent amendments, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders, proxies and/or corporate representatives shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the shareholders, proxies and/or corporate representatives will be broadcasted and responded by the Chairman/Board of Directors/relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting via email.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Appointment of proxy and registration for remote participation and voting
The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>. The lodging of the proxy form will not preclude you from attending and voting at the Meeting should you subsequently wish to do so provided a notice of termination of authority to act as proxy is given to the Company and deposited at the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. All resolutions set out in this Notice of Meeting are to be voted by poll.
Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting ("Administrative Guide") for further details.
The Administrative Guide is available for download at www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

The Company Secretaries
PRESTAR RESOURCES BERHAD
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

FOLD HERE



PRESTAR RESOURCES BERHAD

鴻達資源有限公司



We are an established investment holding company with subsidiary companies mainly engaged in the steel-processing and steel-products manufacturing activities since 1984. Today, we are one of the leading steel-processing / manufacturing Group focusing on the following main activities:-

STEEL PROCESSING UNIT

- Hot-Rolled & Cold-Rolled Steel Pipes and Hollow Sections
- ERW and Cold-Drawn Automotive Tubes
- Slitting, shearing and supplies of Hot-Rolled, Cold-Rolled, Galvanized, Electro-Galvanized, Silicon and Stainless Steel Coils/Sheets
- Mild Steel Flat Bars and Expanded Metal

PRODUCT MANUFACTURING UNIT

- Wheelbarrows and Platform Trucks
- Boltless Shelving, Pallet Racking, Drive-In, ASRS and other Racking Systems
- Galvanized Highway Guardrails and Handrails
- Hot-Dip Galvanizing Services



LOT 1298, RAWANG INDUSTRIAL ESTATE, 16 ½ MILES JALAN IPOH, 48000 RAWANG, SELANGOR, MALAYSIA

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Website : www.prestar.com.my



PRESTAR RESOURCES BERHAD

198401010527 (123066-A)

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Malaysia

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