PGF Capital Berhad

FORMERLY KNOWN AS POLY GLASS FIBRE (M) BHD.
197801005142 (42138-X)

ANNUAL REPORT
2022
Building Sustainable Communities

What's Inside

32nd ANNUAL GENERAL MEETING

Kelawai Room, Lobby Level, Evergreen Laurel Hotel Penang, No. 53, Persiaran Gurney, 10250 Penang

29 July 2022

10.30 a.m.

Cover Rationale

Quoting Aristotle, “In all things of nature there is something of the marvellous”. Embedding the philosopher’s words into our cover design, the illustration is based on building houses in a comfortable and environmental-friendly concept.

The cover features green trees and hills representing our businesses and operations as well as our commitment to Building Sustainable Communities. The hand gesture depicts the placing of the new logo of **PGF Capital Berhad**, which is poised to explore new opportunities on the horizons to unlock constant growth. Always striving towards excellence, the Group remains deeply rooted to our values of teamwork, innovation and social responsibility, building continuous growth.

The illustration of the pathway symbolises the unfolding of a transformative journey for the Group as we take on new business segments and move towards our goals, as we continue to create and deliver long-term value to all our stakeholders. The depiction of the bird flying high in the sky is a symbol of peace, harmony and prosperity.

About Us

PGF CAPITAL BERHAD ("PGF Capital" or "the Company") (formerly known as Poly Glass Fibre (M) Bhd.) is an investment holding company with subsidiaries ("the Group") involved in manufacturing, property development and agriculture. The Group has recently ventured into Agriculture and Aquaculture in 2021. PGF Capital has been listed on the Main Market of Bursa Malaysia Securities Berhad since 1990 under the Industrial Products and Services sector.

The Group has 3 major business segments:

Manufacturing involves design, manufacture and distribution of glass mineral wool insulation as well as production of melt-blown non-woven fabric.

Property Development of a new township, namely Diamond Creeks Country Retreat, and new business opportunities that add value to the landbank such as eco-tourism.

Agriculture in durian nursery and plantation of tropical fruits & hatchery of freshwater **Aquaculture** activities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Fong Wern Sheng
Executive Chairman

Tan Ming Chong
Chief Operating Officer

Fong Wah Kai
Executive Director

Sia Taik Hian
Senior Independent Non-Executive Director

Omar Bin Mohamed Said
Independent Non-Executive Director

Khoo Kah Hock
Independent Non-Executive Director

COMPANY SECRETARY

Ch'ng Lay Hoon
(SSM PC No: 201908000494)
(MAICSA 0818580)

REGISTERED OFFICE

Suite 12-A, Level 12
Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Georgetown Penang
Tel: 604-228 0511
Fax: 604-228 0518

BUSINESS ADDRESS

No. 2449, Lorong Perusahaan Sepuluh
Kawasan Perusahaan Perai
13600 Perai, Penang
Tel: 604-390 8460
Fax: 604-399 6197
Website: www.pgfcapital.my

SHARE REGISTRAR

Boardroom Share Registrar Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor, Malaysia.
Tel: 603-7880 4700
Fax: 603-7890 4670

AUDITORS

KPMG PLT

BANKERS

Affin Bank Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
AmBank (M) Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
Public Bank Berhad
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

PGF Capital Berhad
197801005142 (42138-X)
FORMERLY KNOWN AS POLY GLASS FIBRE (M) Bhd.

MANUFACTURING

- PGF Insulation Sdn. Bhd. 199101018594 (228905-M) — 100%
- Concrete Energy Sdn. Bhd. 200801012631 (813919-M) — 100%
- PGF Global Distribution Sdn. Bhd. 199001016980 (208649-A) — 100%
- PGF Insulation Pty. Ltd. (659 498 889) — 100%
- Ecowool Insulation Pty. Ltd. (624 672 475) — 20%

PROPERTY

- 100% — Golden Approach Sdn. Bhd. 199301013005 (267743-W)
- 100% — Clover Sdn. Bhd. 198901001846 (179152-D)

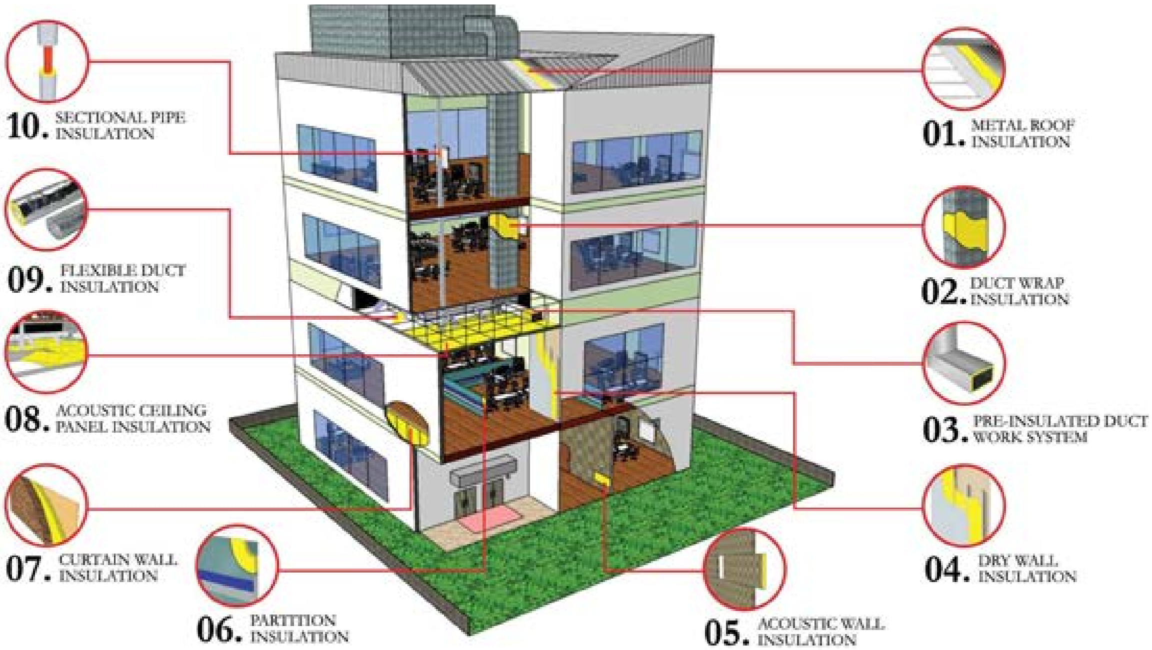
AGRICULTURE

- Diamond Creeks Eco Farm Sdn. Bhd. 202001039298 (1395619-W) — 100%
- Diamond Creeks Aquatech Sdn. Bhd. 202001020498 (1376818-A) — 50%

Business Overview

Manufacturing and Insulation Division

The Group's core business remains in the manufacturing and selling of glass mineral wool ("GW") segment which contributed to 97.40% of our Group's revenue in FY2022. The entity that conducts the GW business is PGF Insulation Sdn Bhd ("PGFI"). GW is mainly used as an insulator on buildings to save energy and provide indoor comfort through thermal and acoustic insulation. The diagram below describes the key, but not all of the applications of GW. Our products are promoted in the market under the brand name Ecowool, with two main product models: Classic and Brownie.



ecowool

Classic Glass Mineral Wool

Ecowool Classic products are the conventional GW produced using thermosetting resin. Ecowool Classic covers the full range of products that the plant can produce.

Brownie ANTI-FORMALDEHYDE FORMULA

Ecowool Brownie was launched in 2013 in response to increasing demand for products that can meet more stringent environmental requirements. It is produced using a different type of binder technology with low volatile organic compound and no added formaldehyde. Ecowool Brownie currently covers a limited range of products and is mainly sold in Malaysia, Australia and New Zealand.

Business Overview (cont'd)

Manufacturing and Insulation Division (cont'd)

PGFI has obtained the following certifications:

- ISO 9001:2015 Quality Management Systems
- MS 1020:2010 Thermal Insulation Products For Buildings - Factory Made Mineral Wool (Mw) Products - Specification
- AS/NZS 4859.1:2018 Thermal Insulation Material for Buildings
- New Zealand Codemark Product Certification
- Singapore Green Building Product Certification

In FY2022, approximately 31% of our revenue is generated from the Malaysian market, whilst the remaining 69% is from the export market. A breakdown of the GW and related products' sales revenue by region is as follows:

Regions	Revenue (RM'000)	Percentage
Local	**17,202**	**31**
Export	**38,854**	**69**

The majority of our GW sales are for building application. Building insulator is a necessity for developed countries like the countries in Oceania, where building passive energy efficiency designs are embedded in the local building codes. Whilst GW is a common building material in those countries, this trend has also begun to emerge in developing countries such as Malaysia and Vietnam.

Other than insulating building envelope, GW is also commonly used in heating and air-conditioning ducts to save energy and for condensation control. A small portion of our GW sales go to industrial application, where GW is installed in silencers of power generators, fire doors, acoustic partitions and highway/railway sound barriers.

The Group's GW operations is located in Perai, Penang with manufacturing and warehousing facility operating on approximately 38,614 square meters of land with a total workforce of approximately 189 employees in the Group. The facility has a capacity of 25,000 MT per annum, an increase of more than 20% compared to 20,000 MT per annum following the rebuild and upgrading of furnace in 2021.


Furnace Rebuild and Upgrading Works completed on 8th October 2021

Business Overview (cont'd)

Property Development and Agriculture Division

Through Golden Approach Sdn Bhd ("GASB"), the Group is also involved in property development. The subsidiary owns approximately 1,311.15 acres of leasehold land located in Tanjong Malim, Perak and is the developer of Diamond Creeks Country Retreat ("DCCR"), a project on part of the land. The project site is strategically located adjacent to Proton City. It is approximately 15 km from Tanjong Malim ETS Train Station, 100 km from Kuala Lumpur City Centre and 143km from Kuala Lumpur International Airport. However, the development has been suspended and delayed for a prolonged period of time. As such, GASB has been seeking other opportunities to unlock the value of the land. The management is pleased to share that several new business ventures have been initiated to that end.

The Group and Malvest Properties Sdn Bhd ("MPSB") have inked a Joint-Venture Agreement ("JVA") to develop a new township in DCCR. Under this JVA, GASB will provide use of approximately 45 acres of its land in DCCR adjacent to Proton City to develop residential properties with a gross development value of RM185 million. The project encompasses more than 500 residential units of different sizes and types to cater for different market needs. The construction is targeted to commence in 2022 and is set for completion in 2024.

The collaboration represents a strategic partnership between both GASB and MPSB that share similar vision and values of quality excellence, innovation and sustainability. This JVA comes at an opportunistic time as there is an uprising demand for residential and commercial properties resulting from the continuous expansion of Proton's plant in Proton City, Tanjong Malim, Perak.

Architect design of Tanjong Malim new township

Business Overview (cont'd)

Property Development and Agriculture Division (cont'd)

Diamond Creeks Aquatech Sdn Bhd ("DCA"), is a joint venture company with Hong Len Aquatic Sdn Bhd ("HLA") to execute and manage the hatchery of freshwater aquaculture and related activities in DCCR. HLA and its founder have been involved in the business of fish fingerlings since the 1980s and have a wealth of experience and awards in fish cultivation. HLA was awarded Bionexus status in 2014 by the Malaysian Biotechnology Corporation, an agency under the Ministry of Science and Technology. Mr Steven Lai, the founder of HLA, has received the Aquaculture & Kelisa Excellence Award in 2018 for his contribution in the nation's aquaculture sector.

The fishery sector has been playing an important role as a major supplier of animal protein to the Malaysian population for decades. According to Food and Agriculture Organization of the United Nations ("FAO"), in 2017, total fishery production of the country amounted to 1.7 million tonnes, including close to 1.5 million tonnes from capture and 0.2 million tonnes from aquaculture (excluding seaweeds). Malaysia is a net importer of fishery products. With Malaysia's growing population, increasing affluence, and the recognition that fish is actually the healthier source of animal protein, the consumption of fish per capita is expected to grow from 45kg/year in 2000 to 64kg/year in 2020.

With the projected increase of demand, the supply of fish fingerlings is crucial to satisfy the demand of fishery products. However, according to the Fishery Department, locally produced freshwater fish fingerlings has been on a decreasing trend. DCCR's strategic location near the Titiwangsa Range (Banjaran Titiwangsa) provides limitless high quality fresh water that is ideal for fingerlings cultivation. In view of this and the market condition, the Group partnered up with HLA to venture into the business of aquaculture with the focus to supply fish fingerlings.

A 50-acre freshwater aquaculture centre by DCA was completed in April 2021 with an integrated indoor breeding and grow-out facility with annual fish fingerlings capacity of 5 million pieces per year. The activity of aquaculture hatchery commenced during this financial year.

50-acre freshwater aquaculture centre by DCA in Diamond Creeks Country Retreat

Business Overview (cont'd)

Property Development and Agriculture Division (cont'd)


Durian trees have been planted on the land at the beginning of year 2022

Diamond Creeks Eco Farm Sdn Bhd ("DCEF") was incorporated on 1 December 2020 to carry out plantation of tropical fruits primarily durian (mainly Musang King) and other tropical fruits such as mangosteen and passion fruit in DCCR. Through DCEF, a total of approximately 200 acres have been identified for durian plantation. Durian trees have been planted on the land in early 2022. The business entails the plantation, harvesting, transportation, processing, marketing, sales and distribution of tropical fruits, as well as other related downstream business activities.

Financial Results

The COVID-19 outbreak had continued to bring on unprecedented business challenges to us and impacted the Group's top line. With such trials and tribulations in the global environment, we recorded a lower total revenue of RM57.55 million in FY 2022 as compared to the preceding year of RM65.11 million, representing a decrease of 11.61% or RM7.56 million.

On the Group's profit before tax ("PBT"), the Group registered a profit of RM2.96 million for the current financial year as compared to the preceding year's PBT of RM10.54 million. The lower PBT is mainly due to the lower output and lower sales volume from the glasswool manufacturing segment. Refer to Financial Highlights on page 14 for more information on the financial results.

Operational Review

The decrease in revenue was mainly due to the Full Movement Control Order ("FMCO") which was implemented by the government of Malaysia that began on 1 June 2021. In line with the order, the plant had to operate with a reduced workforce. Due to COVID-19 related cases, the plant had also gone through a period of total shut down. During this period, key export markets for the business were under lockdown as well. Taking all these into consideration, the management decided to bring forward the furnace rebuild and plant upgrading projects which were initially planned for the end of our 3rd Quarter. The plant was shut down for 6 weeks and resulted in no output during the period. The furnace rebuild and plant upgrading projects were completed in the middle of October 2021. Following the completion, the plant resumed its operation and production.

Due to the pandemic and plant shut downs, the production volume dropped by 15%, in tandem with the decline of sales revenue by 11%. The lower sales mainly originated from the decrease of export sales, where the sales volume had dropped by around 20% as compared to FY2021.

COVID-19 Pandemic and Movement Control Order ("MCO")

The COVID-19 pandemic had caused substantial economic disruptions as most countries, including Malaysia, had to take unprecedented control measures to contain its spread. In its efforts to break the transmission of the virus, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020. After August 2020, the COVID-19 related cases seemed to be under control and the economy of Malaysia made a recovery, in line with the firming domestic activity together with improving foreign demand.

Unfortunately, resurgences in COVID-19 cases in May 2021 prompted the government to declare a nationwide lockdown again in June 2021 to curb the spread of the virus. The tightening of containment measures had pushed Malaysia back into recession. The Group's performance was heavily affected during this period.

However, a gradual lifting of restrictions have paved the way for a modest recovery at the end of year 2021. The vaccination campaign had advanced as planned in Malaysia with the local economy recovery and growth expected to be driven by recovery in export activities. As such, the Group observed a recovery in production output and sales in the last quarter of FY2022.

Other than GW manufacturing and selling activities, Malaysia's MCO had impacted the Group's property development segment activities due to the slowdown of construction activities across the country. No revenue was generated from this segment through GASB for the current financial year.

PGF employees joining the Program Imunisasi Industry COVID-19 Kerjasama Awam-Swata (PIKAS) for COVID-19 vaccination

Business strategy and objectives

The Group continues to maximize our utilization rate of the 25,000 metric tonnes per annum plant capacity to minimize production cost. GW sales are expected to slow down during the festive season of the countries that the Group sells to, namely Lunar New Year, Hari Raya Aidilfitri, Christmas and Easter Holiday. As such, our sales are relatively slow from the month of November until February of the following year. During this period, the Group will continue to run its production to maintain economy of scale and absorb overhead costs.

The excess finished goods are stored in a warehouse that is located adjacent to the plant. Our current warehousing capacity stands at approximately 3,000 metric tonnes. The warehouse is also equipped with loading bays to improve container loading turnaround time.

The longer-term strategy is for the Group to invest in marketing, production improvements and automation that enables the Group to manufacture and sell more GW to markets that fetch better selling price. Due to the strategic location of our plant, the Group is well placed to supply our products to the Oceania region where we have plenty of room to grow.

Corporate Development

At the Extraordinary General Meeting ("EGM") held on 7 January 2022, shareholders had approved the proposed change of name of the Group from Poly Glass Fibre (M) Bhd. to PGF Capital Berhad. The Proposed Change of Name is to better reflect the corporate identity of the Group and to align its name with our business plans and direction. The Certificate on Incorporation of Change of Name had been issued by the Companies Commission of Malaysia on 10 January 2022. Accordingly, the name of the Company has been changed with effect from 10 January 2022.

At the same EGM held on 7 January 2022, shareholders had approved the proposed renounceable rights issue of up to 79,987,474 new Irredeemable Convertible Preference Shares ("ICPS") in PGF on the basis of 1 ICPS for every 2 existing ordinary shares in PGF held on an entitlement date. In conjunction with the Proposed ICPS, PGF proposed to amend the Constitution of the Company to facilitate the creation and issuance of the ICPS.

The Proposals have been completed on 9 March 2022 with the listing of and quotation for 79,987,474 ICPS on the Main Market of Bursa Securities on the same day. The gross proceeds of approximately RM8 million raised from the Proposed ICPS are to be utilized for estimated expenses of the corporate exercise of RM0.54 million and the balance of RM7.45 million to fund the expansion of businesses (RM6.00 million) and general working capital (RM1.45 million).

Outlook

Manufacturing and Insulation Division

With the roll out of vaccination programs around the world and governments' fiscal and monetary expansion policies throughout the globe, the Group is cautiously optimistic about our Manufacturing and Insulation Division. We continue to see strong demand from the Oceania region as the situation brought about by the pandemic has become under control and the construction sector continues to grow. As such, we will continue to run our production at the maximum capacity. The Group also intends to allocate RM3.0 million of the gross proceeds raised from the issuing of ICPS for the expansion of our manufacturing division in the Oceania market, mainly for marketing activities to create higher brand awareness and initial set up costs for the rental of warehouses to be identified in Australia and New Zealand to serve as the Group's logistic and distribution hubs.

Property Development and Agriculture Division

The Group plans to develop the landbank under a master development plan comprising, among others, an ecotourism project (including a hotel, restaurants, agriculture and aquaculture projects) as well as the development of a new township. A total of RM3.0 million of the gross proceeds raised from the issuing of ICPS has been allocated for a feasibility study for the ecotourism project and professional fees for other consultancies and advise. The Group will continue to seek out new business opportunities to add value to our stakeholders.

Outlook (cont'd)

Property Development and Agriculture Division (cont'd)

The Group has planted and will continue planting durian, mainly Musang King, and other supplementary tropical fruits, such as passion fruit and mangosteen as durian will take a longer time to grow as, typically, durian trees require 4 to 8 years to bear fruits. We have also set up a 50-acre freshwater aquaculture centre with an integrated indoor breeding and grow-out facility. The Group's planned ecotourism project on the strategic location of the land owned by GASB which is near the Behrang Forest Reserve, is expected to bode well with our agriculture and aquaculture projects as they will also become part of the overall ecotourism project. As such, the Group is cautiously optimistic the future developments in this segment will be favorable.

Scenery in Diamond Creeks Country Retreat

Dividend

When recommending dividends, the Board takes into consideration the Group's financial position, operating working capital requirements and its commitment to its shareholders. After care consideration on all the above, the Board does not propose to declare any dividend for the financial period under review.

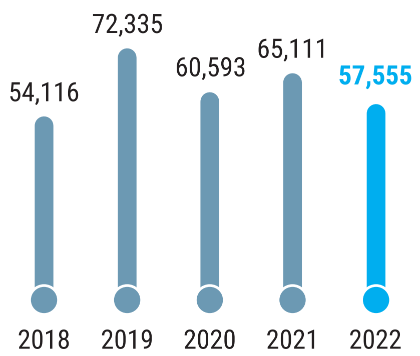
Appreciation

The Board and Management express our gratitude to all our shareholders, bankers, solicitors, regulatory authorities, customers, suppliers, business partners, advisors, and staff for your continuous support and contributions to the Group.

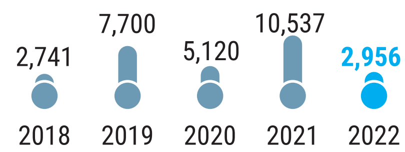
FINANCIAL HIGHLIGHTS

Year Ended 28 February	2018 RM '000	2019 RM '000	2020 RM '000	2021 RM '000	2022 RM '000
Turnover	54,116	72,335	60,593	65,111	**57,555**
Profit Before Taxation	2,741	7,700	5,120	10,537	**2,956**
Profit After Taxation	1,812	6,249	3,277	8,069	**1,946**
Profit Attributable to Shareholders	1,812	6,249	3,277	8,069	**1,946**
As at 28 February					
Total Assets	233,635	234,790	232,315	241,959	**264,737**
Shareholders' Funds	159,013	165,262	168,539	175,008	**184,953**
Net Earnings Per Share (Sen)	1.13	3.91	2.05	5.04	**1.22**
Net Assets Per Share (RM)	0.99	1.03	1.05	1.09	**1.16**

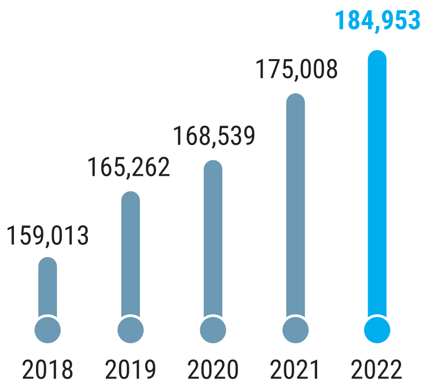
Turnover (RM'000)



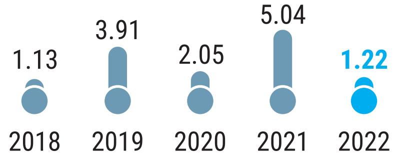
Profit Before Taxation (RM'000)



Shareholders' Funds (RM'000)



Net Earnings Per Share (Sen)



PROFILE OF THE BOARD OF DIRECTORS

FONG WERN SHENG

41 | Male | Malaysian | Executive Chairman

Appointed to the Board as an Executive Director of the Company on 7 October 2003 and re-designated on 26 October 2017 as the Executive Chairman of the Company.

He holds a Hon. Bachelor of Management & Information Technology degree from University of Manchester Institute of Science & Technology. He began his career in the Company as a Risk Management Manager in 2003.

He has attended all the four (4) Board Meetings held during the financial year ended 28 February 2022.

TAN MING CHONG

42 | Male | Malaysian | Chief Operating Officer

Appointed to the Board as an Executive Director of the Company on 17 May 2010 and re-designated as the Chief Operating Officer of the Company on 18 January 2012.

He holds a Master Degree in Economics from University of Warwick and a Bachelor in Economics from London School of Economics.

Prior to joining the Company, he was a Manager in the business advisory division of Ernst & Young where he was involved in various types of organization improvement projects with clients in different industries.

Mr. Tan has attended all the four (4) Board Meetings held for the financial year ended 28 February 2022.

FONG WAH KAI

75 | Male | Malaysian | Executive Director

Appointed to the Board as an Executive Director of the Company on 25 March 1989. He served as an Executive Director in his family business for the past thirty (30) years.

Mr. Fong has attended three (3) Board Meetings held during the financial year ended 28 February 2022.

SIA TAIK HIAN

58 | Male | Malaysian
Senior Independent Non-Executive Director | Chairman of Audit & Risk Management Committee

Appointed to the Board as an Independent Non-Executive Director and the Chairman of the Audit Committee of the Company on 22 June 2001. He is currently the Senior Independent Non-Executive Director of the Company. He is a Chartered Accountant and has more than 20 years of extensive experiences in all aspects of the accounting profession.

He is a member of the Malaysian Institute of Accountants, a member of the Australia Society of Certified Practising Accountants, a member of the Association of Taxation and Management Accountants, a fellow member of the Taxation Institute of Australia and an associate member of the Australian Computer Society.

In 1994-2000, he was the Finance & Administration Manager of Gemtech Resources Berhad. In 2000-2013, he was the Director of Genesis Square Sdn. Bhd., a private limited company. Mr. Sia is also the Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee and the Nominating Committee.

Mr. Sia has attended all the four (4) Board Meetings held during the financial year ended 28 February 2022.

OMAR BIN MOHAMED SAID

40 | Male | Malaysian | Independent Non-Executive Director | Chairman of Nominating Committee

Appointed to the Board as an Independent Non-Executive Director of the Company on 7 October 2003. He holds a Hon. Bachelor of Management (Accounting and Finance) degree from University of Manchester Institute of Science & Technology. Upon graduation, he was attached with Ernst & Young from 2003- 2006. Currently he is the Managing Director of a local company specialising in downstream retail oil and gas. He is the Non-Independent Non-Executive Director of Turbo Mech Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Encik Omar is the Chairman of the Nominating Committee and a member of the Audit & Risk Management Committee and the Remuneration Committee.

He has attended three (3) Board Meetings held during the financial year ended 28 February 2022.

KHOO KAH HOCK

54 | Male | Malaysian | Independent Non-Executive Director | Chairman of Remunaration Committee

Appointed to the Board as an Independent Non-Executive Director of the Company on 12 December 2012. He graduated from City and Guilds of London Institute, United Kingdom in 1994 with a Professional Certificate in Engineering (Electrical/Electronic), major in Electrical Engineering and subsequently from University of Southern Pacific, United States of America in 2006 with a Master Degree in Business Administration.

He has more than 23 years of experience in equipment maintenance, production and engineering skills including all areas of technical training, strong knowledge of analytical skills with knowledge of Six Sigma, Lean Manufacturing, LeanSigma, Supply Chain, SPC, FMEA & OEE and familiarity with Hard Disk Drive, Head sliders, Tape Head, Tape Drives, Lead frame Plating and PCB manufacturing process.

Mr. Khoo is the Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee and the Nominating Committee.

Mr. Khoo has attended all the four (4) Board Meetings held during the financial year ended 28 February 2022.

Notes:

1. All the Directors do not have any conflict of interest with the Group.
2. All the Directors have not been convicted for any offences within the past five years other than for traffic offences, if any.
3. All the Directors have no family relationship with any other Directors or major shareholders of the Group with the exception of Mr. Fong Wah Kai, the Executive Director and substantial shareholder of the Company is the father of Mr. Fong Wern Sheng, the Company's Executive Chairman and substantial shareholder of the Company.
4. The Directors' shareholdings are as disclosed in page 136 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

FONG WERN SHENG

41 | Male | Malaysian | Executive Chairman

The profile of Mr. Fong Wern Sheng is listed in the Profile of Directors on page 15.

TAN MING CHONG

42 | Male | Malaysian | Chief Operating Officer

The profile of Mr.Tan Ming Chong is listed in the Profile of Directors on page 15.

LOO CHEE HIN

53 | Male | Malaysian | Chief Financial Officer

Mr. Loo graduated with Bachelor's Degree in Accounting from University of Malaya. He is a member of the Malaysian Institute of Accountants since 1997 and a member of the Australian Society of Certified Practising Accountants since 2008.

He is an Accountant by profession and has garnered more than 27 years of experience from local and international commercial companies in the area of accounting and financial management.

Mr. Loo joined our Group as the Chief Financial Officer on 18 May 2020. He has the overall responsibility for overseeing the Groups' financial matters, including financial planning, financial reporting and administration.

Notes:

1. Save as disclosed in the notes to Directors' Profile, none of the key senior management has any family relationship with any other Directors and/or substantial shareholders of the Company.
2. None of the key senior management has any conflict of interest with the Company.
3. None of the key senior management has been convicted for any offences against the law other than traffic offences (if any) within the past five (5) years.
4. The Director's & key senior managements' shareholding are as disclosed in page 136 of this Annual Report.

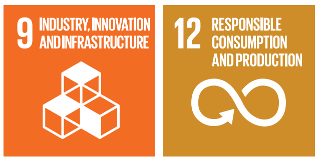
PGF Capital Berhad ("PGF" or "the Company") recognises the importance of understanding stakeholder concerns and incorporating principles of sustainability in our business strategies for shared value creation. As a responsible business entity, sustainability has always been an integral part of PGF's corporate culture with "Building sustainable communities" as the Group's purpose.

We remain committed in ensuring our business activities are performed with high standards of social and environmental conduct including ensuring our operating assets and businesses are carried out in a manner that generates positive outcomes in creating a sustainable manufacturing environment, impact sourcing, best business practices and supporting our local communities.

As the COVID-19 pandemic had caused major disruptions throughout the globe, PGF has implemented strict protocols and work adjustments to protect our stakeholders. Despite the challenges brought about by the pandemic, we remain committed in driving sustainable business practices throughout the Group.

UNITED NATION SUSTAINABLE GOALS

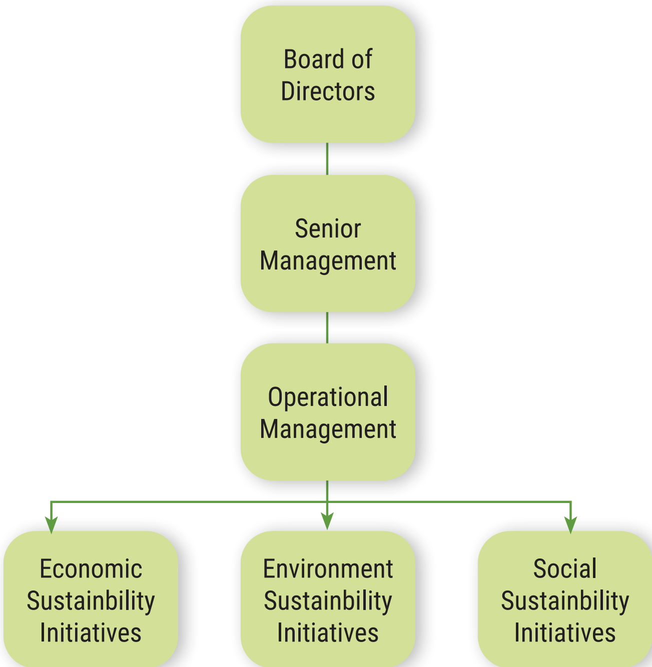
In 2015, members of the United Nations ("UN") unanimously adopted the Sustainable Development Goals ("SDGs") which are a collection of 17 global goals designed to be a blueprint to build a more sustainable, safer and more prosperous planet for all humanity by 2030. The goals balance the economic, social and environmental pillars of development. As a responsible corporate citizen, we have a key role to play in achieving the SDGs. To that end, we are aligning our business and sustainability strategies to meet the relevant SDGs. We have identified and prioritized 6 UN SDGs that are considered most relevant to the Group and incorporated them into our Sustainability Framework. These contributions to the SDGs will help us to create a more sustainable business, whilst improving the world we live in.

Economic	
Environmental	
Social	

REPORTING FRAMEWORK

We have prepared our report in accordance with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements and with guidance from its Sustainability Reporting Guidelines (2nd edition) which encourages companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle. The reporting guide navigates the management of our material sustainability matters through the Economic, Environmental and Social ("EES") pillars, governed by a robust corporate governance system. We are constantly enhancing our sustainability strategy which will contribute to the enhancement of the framework over the years.

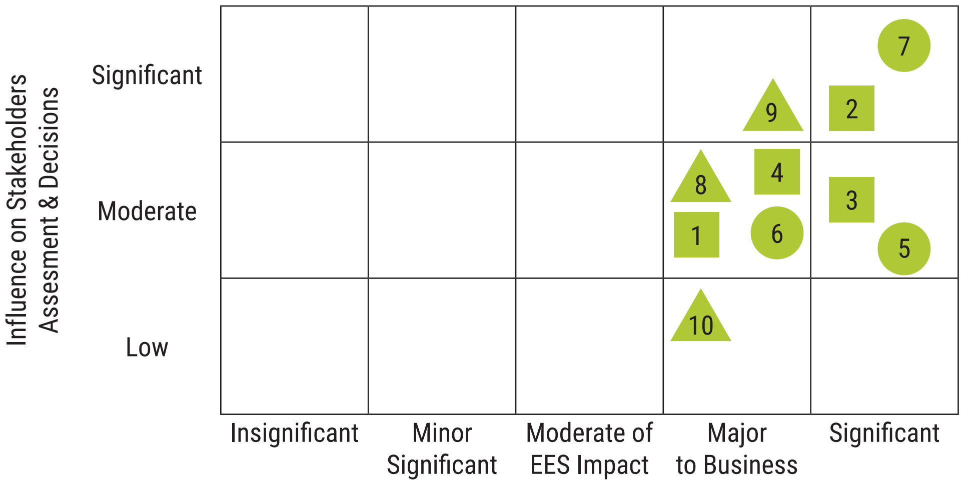
SUSTAINABILITY GOVERNANCE STRUCTURE



The Board of Directors ("the Board") is responsible for the Group's sustainability agenda, practices, strategies and performance. The Board is supported by the Senior Management ("SM"), whose member composition includes the Executive Chairman, the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO"). The SM oversees the policies, initiatives, targets and the performance of the Group to ensure that the Group's business is conducted in a sustainable manner. The SM is assisted by the Operational Management ("OM"), who are appointed representatives of various divisions to identify, manage, assess the EES risks, coordinate, implement and monitor the sustainability initiatives. The OM executes and implements the strategies on a day-to-day basis and reports their operational activities through several channels such as monthly reports, project status reports, safety and health reports and others.

Knowing and understanding the expectations and concerns of our Group. The SM identifies the Group's key stakeholders based on the Group's impacts on them both directly and indirectly, and their importance to the success and continuity of our business. The SM reviews its approach from time to time to ensure that the Group is up to date with its stakeholders and its method of engagement.

SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)



1 Innovation
2 Products quality and responsibility
3 Economic Performance
4 Economic Contribution to Society
5 Environmental Compliance
6 Emissions and Energy Management
7 Depleting and Recycled Resources
8 Employee Management
9 Safety, Health and Well-being
10 Training and Community

ECONOMIC SUSTAINABILITY

UN SDGs -9 Industry, Innovation And Infrastructure;
UN SDGs -12 Responsible Consumption And Production

Innovation

The product the Group manufactures provides thermal and acoustic insulation benefits. In Malaysia, over 30% of energy is consumed by buildings to cool down human-occupied spaces. Glasswool, can retard heat flow when installed on building envelopes and thereby reducing the use of energy.

Another common application of glasswool is air-conditioning ducts commonly seen in commercial buildings, such as shopping malls, offices and hospitals. In hot tropical countries like Malaysia, cool air is generated to cool down spaces for thermal comfort. Air-conditioning ductwork is used as a medium to transfer cool air from chiller or compressors to the intended destination. Along the ductwork, heat gain happens and if not properly insulated, more energy is required for cooling. Effective thermal insulation of the ductwork reduces the heat gain and helps to minimise energy usage.

Through sustainable manufacturing practices, the Company strives to develop and bring to the market products and solutions in supporting the construction sector to deliver a low energy and sustainable built environment. A sustainable built environment is designed for longevity, flexibility, adaptability, reuse and recoverability, and considers future climate risks. It uses low-carbon, low-impact, non-toxic materials and it recovers used resources.

Product Quality & Certifications

At PGF, our fibre glass is made primarily of silica, an inorganic substance that can only melt but is not combustible. Furthermore, no fire-retardant chemical is added to our product. The product is made according to BS 476: Part 4 (Non-combustibility test for materials), a widely used fire testing standard for building materials. This is crucial as use of insulation materials that do not pass fire safety standards can lead to unfortunate fire incidents like the Employee Provident Fund building fire in Petaling Jaya, Toh Guan Building in Singapore and Grenfell Tower in London.

ECONOMIC SUSTAINABILITY (CONT'D)

Product Quality & Certifications (cont'd)

Our products are well received in several countries in the Asia-Pacific region. We are committed to ensuring that our products comply with the local product standards and building codes of the countries that we export to. The Group is holder of local product certifications of Malaysia (MS1020), Australia (AS/NZS 4859.1) and New Zealand (AS/NZS 4859.1) as these countries have adopted local fibre glass product standards. Where fibre glass product standards do not exist locally, the Group strives to obtain industry recognized standards or test reports, mainly in compliance with British and American standards, to demonstrate the product quality and performance.

Fibre glass can last as long as the life of a property when installed according to the recommended method and is maintained well. The Group offers a product warranty of 70 years as we take our product quality seriously.

We are also providing sustainable products with a formaldehyde free range under our own brand product, Brownie. With this product offerings, the Group is on par with other leading fibre glass manufacturers around the world in embracing the growing demand for sustainable insulation solutions.

Corporate Social Responsibility

Heavy non-stop rainfall in December 2021 saw parts of Malaysia experiencing what experts deem the Tropical Depression 29W. It's unlike the regular end-year monsoon which had resulted in shocking and detrimental floods in Selangor, KL, Pahang, Kelantan, Negeri Sembilan, Terengganu, Perak, and Melaka. To provide much needed relief to the victims of the flood-hit states, PGF had made cash donations to the funds raised by Malaysian Investment Development Authority ("MIDA").

PGF fully supports the nation's energy efficiency agenda. Together with the Malaysian Insulation Manufacturers Group under the Federation of Malaysian Manufacturers ("FMM"), we contribute actively towards educating policy makers and the general public on the need for better passive insulation of our buildings. The Group has an annual budget of RM100,000 to be utilised to this end.

The Group also provides free insulation to non-profit organizations to improve occupants' comfort and raise awareness of energy efficiency. PGF had supplied and installed glasswool panels for Jit Sin High School's hall refurbishment. Another recipient of our sponsorship is Rotrade Resources Sdn. Bhd. for their new office construction. Together with Penang Island City Council ("MBPP"), we had also sponsored the insulation for Kimberly Street Heritage Building Restoration project. The row of buildings were originally built more than 100 years ago. The shophouses are listed as Category 2 heritage buildings and the architecture are of the Early Transitional Style. As a member of the Federation of Malaysian Manufacturers' Malaysian Insulation Manufacturers Group ("FMM-MIMG"), we had supplied glasswool for the Building Sector Energy Efficiency Project ("BSEEP") in support of the project. BSEEP is a national project to reduce the annual growth rate of greenhouse gas emission from the building sector in Malaysia.

ENVIRONMENTAL SUSTAINABILITY

UN SDGs -11 Sustainable Cities And Communities;
UN SDGs -13 Climate Action

As a manufacturer, we recognise the impacts the Group's day-to-day operations have on the environment. In the field of environmental stewardship, we continue to demonstrate commitment to proactively manage the Group's environmental footprints which has been embedded within our corporate culture.

Renewable Power Generation

To enhance the use of more renewable energy in the manufacturing process of our products, we had identified solar photovoltaic (PV) systems as the most suitable mode for us to reduce our consumption of non-renewable energy as Penang has one of the highest solar irradiances in Malaysia. The installation of solar panels will be done in two phases.

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

Renewable Power Generation (cont'd)

Phase 1 was completed in October 2020 with a cost of RM1.78 million. The Group has successfully commissioned the installation of a solar PV system on our buildings in Perai, Penang under the Net-Energy Metering ("NEM") program, which is under the purview of Sustainable Energy Development Authority ("SEDA"). The system has a 574kWp capacity. As a result, we managed to save over RM300,000 worth in electricity consumption in FYE2022. Phase 2 of the solar power project is expected to be completed by end of Q4 FYE2023.

In addition to reduction of electricity costs, our manufacturing process will be relying more on green energy which releases far less greenhouse gases than fossil fuels, as well as few or low levels of air pollutants. With this, a portion of our product is produced with green energy.

Recycled Raw Materials

One of our most significant initiatives to conserve the environment is our increased use of alternative materials as raw material. We demonstrate our recycling effort by collecting industrial glass waste that would have otherwise been sent to landfills, to use as our raw material. The use of recycled glass instead of silica sand also translates to lower use of energy for the melting process. We did not use silica sand in FYE2022. Therefore, in FYE2022, 100% of silica content is drawn out of recycled glass.

Environmental Compliance

The following table summarizes the metrics that the Group monitors in relation to environmental sustainability:

	INDEX				
Metrics	FY18	FY19	FY20	FY21	FY22
Quantity of waste products send to landfill per Metric Tonne of Good Product Output (MT/MT)	100	71	121	72	77
Unit Consumption of Energy per kg Good Product Output (kWH/kg)	100	84	95	87	97
Unit Consumption of potable water in Liter per kg of Good Product Output (L/kg)	100	111	132	153	147

The metrics are presented in index form with reference to FY18 as a baseline to protect sensitive information. The goal is to record a reduction in the index from year to year.

The increase in waste products send to landfill per Metric Tonne of Good Product Output and Unit Consumption of Energy per kg Good Product Output metrics were mainly due to a reduction of good product output produced in FY22.

There is an 18% reduction of good product output in FY22 compared to FY21 which is due to the production stoppage for 1.5 months for the installation of new hybrid furnace and another one month for stabilisation of the production lines with new furnace.

During the time of shutdown, energy was still consumed for the construction, testing and commissioning of the furnace eventhough there is no good product output. After commissioning, the plant had to undergo line stabilisation to familiarize with the new furnace during which many rejects were produced against good product that satisfies our quality requirement.

The Group monitors the emission of our manufacturing process as per requirements by Malaysian Department of Environment ("DOE"):

Emission	Limit Set by DOE	FY20	FY21	FY22
Sulphur Oxides	< 800 mg/m³	Met	Met	Met
Nitrous Oxides	< 800 mg/m³	Met	Met	Met
Total Particulate Matters (PM)	< 50 mg/m³	Met	Met	Met

SOCIAL SUSTAINABILITY

UN SDGs -3 Good Health And Well-Being;
UN SDGs -10 Reduced Inequalities

Workplace Diversity

Promoting diversity and inclusiveness among our employees is in line with the Group's values and commitment. This is exemplified in our hiring and promotion process, where candidates are selected based solely on their job performance and competency level. We strive to empower all employees regardless of their age, gender, race or religion.

Workforce by Gender

Indicator	Number	%
Male	185	88.10
Female	25	11.90
Total	**210**	**100.00**

Workforce by Age Group

Indicator	Number	%
<20	0	0.00
21 - 30	97	46.20
31 - 40	67	31.90
41 - 50	23	10.95
51 - 60	23	10.95
>60	0	0.00
Total	**210**	**100.00**

Workforce by Nationality

Indicator	Number	%
Malaysian	125	59.52
Foreigner	85	44.48
Total	**210**	**100.00**

Workforce by Contract Type

Indicator	Number	%
Permanent	210	100.00
Contract	0	0.00
Total	**210**	**100.00**

The Group acquiesce that it is particularly a challenge to achieve a satisfactory gender balance in all fields of business activity due to the nature of our industry. However, we continue to actively build on diversity with a focus on gender by taking steps to ensure that women candidates are sought as part of our recruitment exercise.

SOCIAL SUSTAINABILITY (CONT'D)

Health & Safety

We prioritize the health and safety of our employees. As a manufacturer, we conduct high-risk and high-skilled work with machineries. Therefore, it is important for us to ensure the safety of our employees by equipping them with specific knowledge and safety awareness in operating within our facilities.

The Group has in place a Safety, Health & Environment Committee ("SHEC") with dedicated officers in charge of health, safety and environment. The SHEC is chaired by the General Manager and supported by employer and employee representatives. The committee evaluates and analyses the risks that can affect our employees and manage them responsibly.

Multiple safety trainings were conducted throughout the year in FYE2022 such as Safety Awareness, Safety Induction and Hazards Training. The Group clocked in a total of 25 hours of internal training and 25 hours of external training during the year. New employees are provided with induction training on safety procedures while experienced personnel are required to attend refresher trainings. Topics covered during induction includes safety and health awareness at workplace, general duties of employees Under OSHA 1994 PART VI as well as hazards. Our employees were also provided with an emergency response exercise and briefing by the local Fire and Rescue Department of Malaysia ("FRDM").

Aside from the trainings, all personnel on the Group's production lines are provided with adequate protective equipment such as safety helmet, ear plugs and muffs, safety shoes, safety glass, masks, gloves.

As a result of this, we are able to report that in the year under review, only 7 work-related injuries were reported with no fatalities. We firmly believe that consistent injury reporting and the timely sharing of preventive actions to all operations will provide the support required to reduce injury rates in the future. The Group will continue to put the necessary measures in place to achieve our target of zero safety incident in the plant

In June 2019, the Minister of Human Resource Malaysia introduced the Occupational Safety and Health (Noise Exposure) Regulations 2019. Since the introduction of this regulation, the Group had conducted two internal noise risk briefing together with a noise hearing loss prevention training.

Benefits for Employees

At PGF, we ensure our employees are compensated fairly and we adhere to the Minimum Wage Act. In addition to fair remuneration, all full-time employees receive competitive work benefits that promote health and well-being while appreciating the workforce as part of our ecosystem.

COVID-19 Response

The world was shaken up by the COVID-19 pandemic which had disrupted daily routines and lives of individuals as well as businesses. In recognising the COVID-19 pandemic that has brought the world to unchartered and challenging times, we continue to engage our valued stakeholders closely to help support the business value chain and maintain key priorities such as our employees' well-being and keeping the worksites safe.

The Group has adopted all necessary COVID-19 mitigation measures as prescribed by government-mandated SOPs and more. These include requirements for social distancing, staggered working hours, division of manpower into separate teams, instituting work from home procedures, reducing physical engagements in favour of virtual communication channels and more. All meetings with more than 2 persons were held via virtual platforms such as Microsoft Teams and Google Meet. Broader investor communication also took place via our corporate website where all announcements made to Bursa Malaysia are updated.

Several key safety measures were also initiated at our offices and facilities such as daily temperature recordings of employees and visitors, as well as enforcing the usage of face masks within the organisation. Infection prevention initiatives have also been taken by disinfection of the workplace and ensuring good ventilation in the work premises.

SOCIAL SUSTAINABILITY (CONT'D)

COVID-19 Response (cont'd)

In keeping with the social distance measures, the Group had installed partitions in the canteen and limit the number of pax at a table to facilitate physical distancing. We had also expended the canteen area and created isolation rooms to facilitate quarantine measures.

Maintaining the safety of our team is vital to us, and we worked diligently to secure COVID-19 vaccines for our entire workforce as early as possible. 100% of the Group's workforce has been fully vaccinated against COVID-19. To foster a safe working environment, we also conduct regular testing on all staff. In FYE 2022, the Group invested over RM230,000 on COVID-19 preventive measures.

CONCLUSION

In FYE2022, the COVID-19 pandemic continued to highlight the importance of wellness, resilience, and community spirit. Despite all the challenges to our business, the Group continues to strive to perform better in terms of our role as a corporate citizen. As the threat of global warming and climate change looms over the global community, we will need to constantly seek long-term and sustainable solutions to minimise any negative impacts that could potentially bring harm to our environment. Moving forward, we aim to continuously improve our initiatives and continue to integrate sustainability practices in our day-to-day processes more prominently by intensifying our efforts at expanding our sustainability framework to cover all segments of the Group.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors fully appreciates the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and integrity.

The Board evaluates the status of the Group's corporate governance practices with a view to adopt and apply, where practicable, the Principles of Malaysian Code on Corporate Governance (the "Code") respectively. As such, the Board is fully committed to the maintenance of high standards of corporate governance in its quest to enhance shareholders' value.

The comprehensive Corporate Governance Report ("CG Report") is published on the Company's corporate website at www.pgfcapital.com.my

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year under review unless otherwise stated.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Composition and Balance

The Board currently has six (6) members, comprising of three (3) Executive Directors and three (3) Independent Non-Executive Directors. This complies with the Listing Requirements of Bursa Malaysia Securities Berhad that one third of its Board consists of Independent Directors.

The Board comprises a mixture of businessmen and professionals. The current composition of the Board brings the required mix of skills and experience required for the Board to function effectively. A brief write-up of the background of the Board members as at the date of this statement is set out in the Directors' profile section of this Annual Report.

The Board recognizes that Mr. Fong Wern Sheng, the Chairman of the Board, also assumes an executive position but is of the view that there are sufficient experiences and independent non-executive Directors on Board to provide assurance that there is adequate check and balance.

Board Roles and Responsibilities

The Board has adopted a Board Charter that sets out the functions that are reserved for the Board.

The Board had delegated the management of the Group to Executive Directors and management team. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing day to day operations as well as coordinating the development and implementation of business and corporate strategies.

The Non-Executive Directors ensure that the strategies proposed by the Management are fully deliberated and examined, taking into account the long term interest of the stakeholders including contributing to the formulation of policy and other decision-making process through their expertise and experience.

The Board of Directors regularly review the strategic direction of the Company and the progress of the Group's operations taking into account the changes in business environment and risk factors.

Board Charter and Code of Conduct/ Ethics

The Board has adopted a Board Charter which sets out the role, functions, compositions, operations and processes of the Board. The Charter provides guidance to the Board in relation to the Board's role, duties and responsibilities and authority.

The Board appreciates the need for a Code of Conduct for Directors and employees which governs the standards of ethics and good conduct expected of Directors and employees. Drafting of the Code of Conduct is underway and will be made publicly available once it is ready.

The Board will review the Board Charter regularly to ensure it remains consistent with the Board's objectives and responsibilities.

The Board Charter is posted on our website at www.pgfcapital.com.my

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Supply of Information

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director also has unhindered access to the advice and services of the Company Secretary. The Company Secretary circulates relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference.

Prior to the meetings of the Board and the Audit and Risk Management Committee, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the members to obtain further explanation, where necessary, in order to be properly briefed before the meeting. The Company Secretary ensures that all Board and Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minuted and documented.

The Directors review and approve all quarterly financial results and announcements before releasing them to Bursa Securities.

The Directors collectively determine, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

Corporate Social Responsibility

The Board is aware of the importance of the practice of Corporate Social Responsibility. The Company is committed to support the nation's energy efficiency agenda and the Malaysian Prime Minister's carbon emission target commitment made in the Copenhagen Summit 2009. This could be achieved through educating policy makers and general public on the need for better passive insulation of Malaysian buildings. The Company, either individually or through the Malaysian Insulation Manufacturers Group under the Federation of Malaysian Manufacturers (FMM), contributes actively towards this end. The Group has also provided free insulation to schools to improve occupants comfort and raise awareness of energy efficiency.

The manufacturing arm of the Group has continued to take initiatives to reduce carbon footprints in all areas of its operations, e.g. adopting energy efficient equipment to lower energy consumption and increase the use of recycled materials in its manufacturing process. With the recent upgrades and expansion of production, the Company has started collection of industrial glass waste from sheet glass fabricators and solar panel companies to use as raw material. These glass waste would otherwise been sent to landfill. Within the working environment, in the face of growing demand for energy and depleting natural resources, employees are encouraged to reduce the use of paper, recycle any recyclable items and reduce wastages.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Group strives to have a balanced Board comprising member with suitable qualifications, skills, expertise and exposures.

Board Committees

The Board has established the following Committees to assist the Board to discharge its fiduciary duties:

(a) Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three (3) Independent Directors. A full report of the Audit and Risk Management Committee with details of its membership and a summary of the work performed during the financial year are set out in the Audit and Risk Management Committee Report of this Annual Report.

(b) Nominating Committee

The Nominating Committee is primarily responsible for identifying and recommending new nominees to the Board. Besides this, the Committee shall also assess the effectiveness of the Board, the committees of the Board and contributions of each director on an ongoing basis and annually review the required mix of skills, experiences and other qualities including core competencies. The recommendations of the Committee will be subject to the approval of the Board.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Board Committees (cont'd)

(b) Nominating Committee (cont'd)

As the date of this report, the members of the Nominating Committee comprise:

Mr. Sia Taik Hian	Senior Independent Non-Executive Director
Encik Omar Bin Mohamed Said	Independent Non-Executive Director
Mr. Khoo Kah Hock	Independent Non-Executive Director

All members of the Nominating Committee are Non-Executive Independent Directors.

For the financial year ended 28 February 2022, the Nominating Committee met twice with full attendance of its Members and has carried out the following key activities:

- Reviewed and recommended the re-election of Members of the Board at the AGM for shareholders' approval, pursuant to the Constitution of the Company;
- Reviewed the annual assessment of the required mix of skills and experience of the individual Board members and the Board committees;
- Assessed the annual effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual director, including Independent Non-Executive Directors and Executive Directors;
- Assessment of the independence of the Independent Directors based on the criteria set out in the Main Market Listing Requirements of Bursa Securities;
- Recommendation for the retention of Mr. Sia Taik Hian and En Omar Bin Mohamed Said who have served for a cumulative period of more than nine (9) years to continue in office as Independent Non-Executive Directors;
- Reviewed and assessed the effectiveness of the Audit Committee in carrying out its duties as set out in the terms of reference; and
- Review the succession plan.

The Board supports non-discrimination on gender, ethnicity and age group of candidates to be appointed as Board members although no formal policy has been formed. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with skills, experience, time commitment and other qualities in meeting the future needs of the Group.

(c) Remuneration Committee

The Remuneration Committee comprises a majority of Independent Non-Executive Directors as follows:

Mr. Sia Taik Hian	Senior Independent Non-Executive Director
Encik Omar Bin Mohamed Said	Independent Non-Executive Director
Mr. Khoo Kah Hock	Independent Non-Executive Director

The Remuneration Committee shall be responsible for developing the remuneration policy and determining the remuneration packages for Executive Directors of the Company.

The Company's policy on Directors' remuneration is to attract and retain the Directors of caliber needed to manage the business of the Company and to align the interest of the Directors to those of the shareholders.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Board Committees (cont'd)

(c) Remuneration Committee (cont'd)

The performance of the Executive Directors is measured based on the achievements of their annual Key Performance Indicators (KPIs). These KPIs comprise not only quantitative targets, such as revenue and profit growth, but also qualitative targets which include strategic milestones and initiatives that need to be achieved.

The determination of the remuneration of each Non-Executive Director is decided by the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.

The Company pays each Non-Executive Directors an annual fee and benefits, which is approved by the shareholders at the Annual General Meeting. The Board, as a whole, determines the remuneration of the Executive Directors, with the individual Directors concerned abstaining from decision in respect of their individual remuneration. The Directors' remuneration for the financial year is under review as follows:

Directors	Remuneration RM	Fees RM	Other emoluments RM	Benefits-in-kind RM
Executive	767,929	-	109,862	21,505
Non-Executive	-	25,200	6,600	-

The number of Directors whose remuneration falls into the following bands comprises:

Range of remuneration	Number of Directors	
RM	*Executive*	*Non-Executive*
0 – 50,000	-	3
200,001 – 300,000	1	-
300,001 – 400,000	2	-

In compliance with Practice 8.1of the MCCG, there is detailed disclosure on named basis for the remuneration of individual Directors and it is disclosed in the Corporate Governance Report, which can be downloaded from the Group's corporate website at www.pgfcapital.com.my or Bursa Announcement website.

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD

The Board consists of three Non-Executive Directors, all of them are Independent Directors and they are able to express their independent views without any constraint. The Independent Directors remain objective and independent in decision making, actively participated at meetings of the Board and Board Committees and provided constructive feedback.

All Independent Directors, Mr. Sia Taik Hian, Encik Omar Bin Mohamed Said and Mr. Khoo Kah Hock, had served the Company for a cumulative term of more than 9 years, exceeding the 9 years as per the recommendations of the Code. The Board believes that the length of the service does not in any way interfere with their exercise of independent judgement to act in the interest of the Company.

PRINCIPLE 3: REINFORCE INDEPENDENCE OF THE BOARD (CONT'D)

Re-election of Directors

The Constitution provides that all Directors of the Company are subject to retirement. At least one-third of the Directors for the time being, of if their number is not three (3) or a multiple of three (3), then the number nearest to, but not more than one-third (1/3) of the total shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of the Annual General Meeting.

The Company Secretary ensures that all the necessary information is obtained and that all legal and regulatory obligations are met before the appointments are made.

PRINCIPLE 4: FOSTER COMMITMENT

Each Director does not hold more than five directorships in public listed companies to ensure that they have sufficient time to focus and discharge their duties and responsibilities. The Board is satisfied with the level of the time commitment given by the Non-Executive Directors toward fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 28 February 2022.

Board Meetings

The Board meets at least four times a year at quarterly intervals, with additional meetings convened as necessary. There were four (4) meetings held during the financial year ended 28 February 2022 and details of the attendance of the Directors were as follows:

Director	No. of Meetings Attended
Mr. Fong Wern Sheng	4/4
Mr. Tan Ming Chong	4/4
Mr. Fong Wah Kai	3/4
Mr. Sia Taik Hian	4/4
Encik Omar Bin Mohamed Said	3/4
Mr. Khoo Kah Hock	4/4

PRINCIPLE 4: FOSTER COMMITMENT (CONT'D)

Directors' training

Directors are encouraged to attend any form of training to enhance their knowledge and expertise in relations to the industry, laws and regulations, business environment, etc. The Directors continue to attend relevant seminars and programmes to keep their knowledge and expertise updated.

In FY2022, training programmes attended by directors of the Company are as follows:-

Training Programmes		Attended by
1.	Virtual Global Insulation Seminar 2021	Fong Wern Sheng
2.	Next-generation organization: Securing performance and competitiveness in the future	Fong Wern Sheng
3.	Industry 4.0: Embrace Change, Invent the Future	Fong Wern Sheng
4.	Board and Audit Committee Priorities 2021	Fong Wern Sheng
5.	Webinar on Regional Comprehensive Economic Partnership (RCEP): Trade Tool for Business Recovery in East Asia	Tan Ming Chong
6.	Webinar- The Big Deal: Big Data Analytics & Artificial Intelligence	Tan Ming Chong
7.	Webinar- Covid Vaccination- To take or Not to take?	Tan Ming Chong
8.	FMM Webinar- National AEO Facilitating Green Lane Custom	Tan Ming Chong
9.	EY Malaysia Budget 2022 Webinar	Omar Bin Mohamed Said
10.	SWF Conference 2021: Recording and Digital Proceedings	Omar Bin Mohamed Said
11.	Tax Audits & Investigations-Latest Updates and Developments	Sia Taik Hian
12.	How Technology is Shaping Virtual External Audits	Sia Taik Hian
13.	Essentials on Corporate Reporting and Assurance	Sia Taik Hian
14.	The Malaysian Budget 2022	Sia Taik Hian
15.	National Tax Seminar 2021	Sia Taik Hian

In addition to the above, Directors are updated on the recent developments in the areas of statutory and regulatory requirements from briefings by the External Auditors; Company Secretary and the Internal Auditors during the Audit and Risk Management Committee and Board Meetings.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders and the Chairman's statement in the Annual Report. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Relationship with External Auditors

The Company has established transparent and appropriate relationship with the external auditors through the Audit and Risk Management Committee of the Company. From time to time, the external auditors will highlight matters that require further attention of the Audit and Risk Management Committee and the Board of Directors.

Audit and Risk Management Committee meets with external auditors at least twice annually or whenever deemed necessary to discuss their audit plans, audit findings and their reviews of the Company's financial results/financial statements.

In addition, the external auditors will be attending the Annual General Meeting of the Company and are available to clarify and answer shareholders' questions on their conduct of the audit.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board regards risk management and internal controls as an integral part of the overall management processes. Recognising the importance of having risk management processes and practices, the Board has established a Risk Management Committee ("RMC"), which is chaired by an Independent Non-Executive Director, to oversee the identification, evaluation, control, monitoring and reporting of the critical risks faced by the Group.

Information on internal control and internal audit function of the Group is detailed in the Statement of Risk Management and Internal Control set out on pages 36 to 37.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company recognizes the importance of transparency and accountability to its shareholders and investors. The Board endeavours to keep its shareholders and investors informed of its progress through Annual Report, Annual General Meeting ("AGM") and Extraordinary General Meeting. It is the Company's practice to send the Notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

The Group also maintains a corporate website at www.pgfcapital.com.my whereby shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with the shareholders of the Company. Shareholders are encouraged to attend the Company's AGM and use the opportunity to actively participate in the proceedings. They are encouraged to ask questions both about the resolutions being proposed or any issues pertaining to the Company. Members of the Board and the external auditors of the Company are present to answer questions raised at the meeting as and when appropriate.

Poll Voting

Pursuant to the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meeting is voted by poll. All resolutions set out in the notice of AGM will be voted by way of poll.

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

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cashflows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of PGF Capital Berhad ("PGF" or the "Company") is pleased to present this Statement on Risk Management and Internal Control ("Statement") to provide information about the current state of PGF's risk management and internal control system as a group (PGF and its subsidiaries or the "Group"). This Statement has been prepared in accordance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and guided by the "Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers".

GOVERNANCE STRUCTURE

Board of Directors

The Board recognises the immense importance of, and acknowledges its responsibility in embedding a sound risk management and internal control system in accordance with Principle B of the Malaysian Code on Corporate Governance to safeguard the interest of shareholders, customers, employees and the Group's assets. The Board, with the assistance of the Audit and Risk Management Committee ("ARMC"), is primarily responsible for:

- reviewing the adequacy and the integrity of the Group's internal control system and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- ensuring an effective Enterprise Risk Management ("ERM") Framework is in place to identify, analyse, evaluate, manage and monitor the key risks of the Group;
- setting the risk appetite within which the Board expects the Management to operate; and
- performing risk oversight and reviewing significant financial and non-financial risks (including sustainability related).

↑

Audit and Risk Management Committee

The ARMC is a Board Committee consisting exclusively of Independent Directors. The ARMC is tasked to assist the Board to oversee and monitor the effectiveness of the Group's risk management and internal control system by:

- reviewing the adequacy of scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- reviewing the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken;
- reviewing and endorsing policies and frameworks and other key components of risk management for implementation within the Group;
- reviewing and endorsing the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks;
- overseeing the effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organisation; and
- reviewing and monitoring the status of the Group's principal risks and their mitigation actions, and update the Board accordingly.

↑

Management

The duties to continuously identify, analyse, evaluate and manage key business risks are delegated to the Senior Management, led by the Executive Chairman. The Management, assisted by all employees, are responsible to perform the following:

- establishes and maintains relevant internal controls to safeguard the Group's assets;
- identifies, assesses and implements relevant controls to address risks arising from operations;
- reports to the ARMC, the Group's risk profile, including any risks with significant impact, and action plans developed or taken to manage these risks;
- establishes and implements action plans on all risks that are beyond the Group's risk appetite; and
- reviews the effectiveness of existing controls and risk-mitigating strategies.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group's ERM Framework guides the identification, analysis, evaluation, management and monitoring of key risks to safeguard shareholders' investments and the Group's assets. The Framework is guided by ISO31000:2018 Risk Management – Guidelines and is designed to embed ERM into key activities, initiatives and processes of the Group. The ERM processes include:

Risk Identification

This process, which is done on an ongoing basis entails examining all key factors within PGF's business context from an 'outside-in' perspective, i.e. from macro-environment (external) to industry and internal risks. During this process, risks are generally considered in four (4) main categories, i.e. strategies, operational, financial and compliance. Risks identified and relevant risk information, including Key Risk Indicators, are then captured and updated into the Group's risk register.

Risk Analysis

Risks identified are assessed and ranked based on the severity of impact, likelihood of occurrence and effectiveness of existing controls. This process is guided by established risk parameters to ensure consistent criteria are used during the rating process. The results provide insight for the Management on whether the current risk levels are within the Board's risk appetite.

Risk Treatment

Risk treatment process aims to bring the risks down to an acceptable level. The Group has four (4) response strategies for risk treatments, i.e.:

Terminate	terminating the risk by eliminating the business or by significantly altering it;
Reduce	reducing the risk level by taking specific actions or controls to reduce the likelihood of occurrence or severity of impact or both;
Accept	consciously accept certain risks which are within the Board's risk appetite; and
Pass on	transferring or sharing all or part of a risk to/with other parties.

The treatment plans are outlined in the risk registers and highlighted to the ARMC. However, the implementation of risk treatment plans is generally the responsibility of the risk owners and risk delegates.

Risk Monitoring

Key risks identified are monitored by risk owners and risk delegates to ensure the risk ratings remained relevant and that controls in place remained effective and adequate amidst changing circumstances. Any changes are reported, and appropriate action plans are devised to realign the risk rating to an acceptable level.

In essence, the Group's ERM is conducted through an ongoing process between the Board, ARMC, the Management and employees in the Group. This process is reviewed annually by the Board. The Group believes that the ERM framework adopted and implemented has strengthened the risk ownership and risk management culture amongst the employees.

For the financial year under review, the Group has performed a review of its existing risk registers and noted that the key risks that are critical to the success of the business were similar with the previous year, such as the ability for sales to keep up with production, or vice-versa, product quality, timeliness in product delivery, and the ability to maximise return with the Group's existing assets and investments. The likelihood and impact of these risks have been assessed and appropriate mitigation actions have been identified for the risks.

INTERNAL CONTROL SYSTEM

Internal controls are regarded as an integral part of the Group's business management processes. The internal control system of the Group covers, inter-alia, risk management, financial, operational and compliance controls. This process has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report. Some of the key elements of the Group's internal control system are:

- **Board Oversight**

  The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Chief Operating Officer provides explanations in the Board papers on pertinent issues. In addition, the Board is regularly updated on the Group's activities and operations.

- **Organisation Structure**

  The Group has established an organisation structure that defines clear lines of responsibility and delegation of authority, established through relevant terms of references and authority limits. The organisation structure enables each department/function to focus on the respective roles and responsibilities assigned to them and enhances operational efficiency and effectiveness.

- **Integrity, Ethical Values and Anti-Bribery and Corruption**

  The Group has formalised a Code of Conduct to provide a behavioural framework that sets out the Group's standards of integrity, acceptable conduct and behaviour. The Code of Conduct is made available on PGF's website.

  In addition, the Group has amongst others, implemented the Anti-Bribery and Corruption Policy to set out the Group's "zero tolerance" stance against all forms of bribery and corruption practices, conduct the corruption risk assessment to identify activities and positions with higher corruption risk exposures, mandate relevant personnel to participate in the anti-corruption training organised by the Group, and communicate the Group's stance and expectation to all of its vendors and business associates.

- **Policies and Procedures**

  The Group has established policies and procedures for the Group's core business units, which have been clearly communicated to all relevant parties. These policies and procedures are reviewed and updated from time to time to adapt to the changing business environment and to ensure compliance with the relevant International Organisation for Standardisation ("ISO") certification.

In view of the limitations inherent in any internal control system, the Board recognises that such system is designed to manage and mitigate risks, rather than to eliminate risks, and therefore can only provide reasonable but not absolute assurance against material misstatement, financial loss or fraud.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent consulting firm, namely Galton Advisory PLT. The internal audit function is led by Low Chiun Yik, an Executive Partner of the consulting firm, who holds a Master Degree in Accountancy and Finance. Mr. Low has been specialising in the field of internal audit and risk management since 2010. He is also an Independent Director of a public listed company, where he sits on the Risk Management and Remuneration Committee. Mr. Low is supported by a team which includes a Certified Internal Auditor with the Institute of Internal Auditor Inc.

The outsourced internal audit function is responsible for reviewing and assessing the adequacy of the Group's internal control system. The internal audit function reports directly to the ARMC and provides reasonable assurance through its internal audit works, which include the audit activities, presenting findings and recommendations, and follow-ups on action plans devised to address any weaknesses in the internal control system, as agreed by Management. In carrying out its audit activities, the internal audit function has unrestricted access to relevant records, personnel and physical properties.

INTERNAL AUDIT FUNCTION (CONT'D)

The outsourced internal audit function conducts its audit work based on a risk-based internal audit plan approved by the ARMC. The outsourced internal audit function, including the professionals conducting the audit works, is independent and objective, and free from any relationships or conflicts of interest. All internal audit work is guided by the International Professional Practice Framework promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors.

For the financial year ended 28 February 2022, the internal audit function has conducted reviews on the Group's processes on sales processing and credit control, safeguarding of biological assets, fertilisers and feed, and financial reporting and budgeting.

Following the completion of its work, the internal audit function reported directly to the ARMC on findings from the audit works, including recommendations for improvement measures and Management's responses. The internal audit function also reported to the ARMC, the follow-up status of the implementation of action plans arising from recommendations from previous cycles of internal audit. The ARMC Chairman thereafter reported the outcome of work conducted by the internal audit function to the Board.

The total cost incurred for internal audit activities for the financial year ended 28 February 2022 amounted to RM31,767.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 28 February 2022, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material aspects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
(b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and views by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

Based on the findings and procedures performed by the relevant parties, and assurance from the Executive Chairman, Chief Operating Officer and Chief Financial Officer, the Board is of the view that the risk management and internal control system in place for the financial period under review and up to the date of the approval of this Statement has operated satisfactorily and is sufficient to safeguard shareholders' investments, the Group's assets and the interest of customers, regulators and employees.

There were no material internal control weaknesses that had resulted in any material losses, uncertainties or contingencies that would require disclosure in this Annual Report. Nevertheless, the Board and Management will continue to take appropriate measures to improve and strengthen the enterprise risk management and internal control framework of the Group.

This Statement on Risk Management and Internal Control is approved by the Board of Directors on 20 June 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

1. CONSTITUTION

The Audit Committee was established by the Board in 1994 as the prime body to assist the Board in ensuring a high standard of corporate responsibility, integrity and accountability to shareholders in line with the corporate governance and disclosure standards expected from that of a public listed company in Malaysia. The Audit Committee was then renamed as Audit & Risk Management Committee ("the Committee") in 2018 to reflect its duties and responsibilities accordingly.

The present members of the Committee are:

Mr. Sia Taik Hian	Chairman/ Senior Independent Non-Executive Director
Members:	
Encik Omar Bin Mohamed Said	Independent Non-Executive Director
Mr. Khoo Kah Hock	Independent Non-Executive Director

2. ATTENDANCE AT MEETINGS

There were four (4) meetings convened the financial year ended 28 February 2022.

Details of the attendance of members at the Committee Meetings are as follows:

	Attendance
Mr. Sia Taik Hian	4/4
Encik Omar Bin Mohamed Said	3/4
Mr. Khoo Kah Hock	4/4

3. TERMS OF REFERENCE

The terms of reference of the Committee are available on the Company's website www.pgfcapital.com.my.

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

In line with the terms of reference, the following activities were carried out by the Committee during the financial year ended 28 February 2022 in discharge of its duties and responsibilities:

(a) reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and the Group prior to recommending them for approval by the Board of Directors;

(b) reviewed the external auditors' scope of work and the audit planning memorandum;

(c) reviewed with the external auditors the results of the annual audit, their audit and management letter together with management's response to the findings of the external auditors;

(d) reviewed with external auditors, the draft Audited Financial Statements of the Company and the Group;

(e) evaluated the performance and independence of the external auditors and made recommendations to the Board of Directors on their re-appointment and remuneration;

(f) reviewed the annual internal audit plans to ensure adequate scope, coverage of the activities of the Company and the Group;

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE (CONT'D)

(g) reviewed the internal audit reports, audit recommendations and management's responses to these recommendations;

(h) reviewed related party transaction entered into by the Company and the Group during the year;

(i) reviewed of the Statement on Risk Management and Internal Control for inclusion in the Annual Report; and

(j) reviewed and discussed with management the outcome of the exercise to identify, evaluate and manage significant strategic, operational and financial risks faced by the Group.

5. INTERNAL AUDIT FUNCTION

Internal audit function was conducted by an outsourced professional firm with an objective that independent feedback and reviews will be provided to the Committee and subsequently to the Board of Directors.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Committee.

The Committee has full and direct access to the internal auditors and the Committee receives reports on all internal audits performed. The internal auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to management and the Committee with periodic follow-up of the implementation of actions plans. The management is responsible for ensuring that corrective actions are implemented accordingly.

Based on the internal audit reports, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The internal audit cost incurred for the financial year ended 28 February 2022 was RM31,767.

This report is made in accordance with a resolution of the Board of Directors dated 20 June 2022.

ADDITIONAL COMPLIANCE INFORMATION

The information disclosed below is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. **Material Contracts**
   The Company and its subsidiaries involving directors and substantial shareholders has not entered into any material contracts either still subsisting at the end of the financial year ended 28 February 2022.

2. **Audit and Non-Audit Services**
   During the financial year, the audit fees and non-audit fees paid/payable to the Company's external auditors by the Company and by the Group incurred for services rendered are as follows: -

Type of Fees	Company (RM)	Group (RM)
Audit Fees	20,000	110,000
Non-Audit Fees	11,500	34,000

3. **Employees Share Options Scheme**
   The Group did not offer any share scheme for employees during the financial year under review.

4. **Internal Audit Function**
   The internal audit function was outsourced and the cost incurred for the internal audit function in respect of the financial year under review was RM31,767.

5. **Continuing Education Programme**
   Details of the seminars or courses attended by the Directors of the Company are disclosed in the Corporate Governance Statement, as set out on Page 32 of this Annual Report.

Financial Statements

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022

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 28 February 2022.

Principal activities

The Company is principally engaged in the trading of fibre glasswool and its related products, provision of management services and investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

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

Change of name

During the financial year, the Company changed its name from Poly Glass Fibre (M) Bhd. to PGF Capital Berhad.

Subsidiaries

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

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	1,945,925	703,498

Reserves and provisions

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

Dividend

Since the end of the previous financial year, the amount of dividend paid by the Company in respect of the financial year ended 28 February 2021 as reported in the Directors' Report of that year was an interim dividend of RM0.01 per ordinary share totalling RM1,599,749 declared on 25 January 2021 and paid on 19 March 2021.

The Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

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

Fong Wern Sheng, Executive Chairman
Tan Ming Chong, Chief Operating Officer
Fong Wah Kai, Executive Director
Sia Taik Hian, Senior Independent Non-Executive Director
Omar Bin Mohamed Said, Independent Non-Executive Director
Khoo Kah Hock, Independent Non-Executive Director

Directors' interests in shares

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

	Number of ordinary shares			
	Balance at 1.3.2021	Bought	Sold	Balance at 28.2.2022
<u>**The Company**</u>				
Direct interest				
Fong Wah Kai - own	6,798,800	-	-	6,798,800
Fong Wern Sheng - own	10,797,400	-	-	10,797,400
Tan Ming Chong - own	61,000	-	-	61,000
Deemed interest				
Fong Wah Kai - others *	78,056,900	-	-	78,056,900
Fong Wern Sheng - others *	24,323,053	-	(65,000)	24,258,053

* These are shares held by corporations which are either controlled by the Director(s) or in which he and his associates hold more than 20% of the voting shares.

By virtue of their interests in the shares of the Company, Mr Fong Wah Kai and Mr Fong Wern Sheng are also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 28 February 2022 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company) 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 those transactions as disclosed in Note 28.2 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the subscriptions to the proposed renounceable rights issue of irredeemable convertible preference shares as disclosed in Note 32 to the financial statements.

Issue of shares and debentures

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year other than the proposed renounceable rights issue of irredeemable convertible preference shares as disclosed in Note 32 to the financial statements.

Indemnity and insurance cost

There was no indemnity given to or insurance effected for Directors, officers or auditors of the Company during the financial year.

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

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

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performances of the Group and of the Company for the financial year ended 28 February 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event during the financial year

The details of such event are as disclosed in Note 32 to the financial statements.

Events subsequent to year end

The details of such events are as disclosed in Note 33 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

……………………………………………………………………..
Fong Wern Sheng
Director

……………………………………………………………………..
Tan Ming Chong
Director

Penang,

Date : 20 June 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Assets			
Property, plant and equipment	3	60,163,219	52,025,987
Right-of-use assets	4	4,053,096	4,262,356
Investment properties	5	5,420,320	5,479,580
Investment in an associate	7	784,039	479,298
Investment in joint venture	8	480,250	461,130
Inventories	9	135,706,719	135,696,269
Other investments	10	768,045	355,943
Total non-current assets		207,375,688	198,760,563
Inventories	9	14,826,885	12,781,139
Trade and other receivables	11	19,035,706	15,268,504
Current tax assets		1,539,939	497,687
Cash and cash equivalents	12	21,959,123	14,651,136
Total current assets		57,361,653	43,198,466
Total assets		264,737,341	241,959,029
Equity			
Share capital	13	202,761,930	202,761,930
Reserves	14	(17,809,318)	(27,753,990)
Equity attributable to owners of the Company		184,952,612	175,007,940
Liabilities			
Loans and borrowings	16	15,817,593	12,750,728
Contract liabilities	15	4,697,600	5,021,871
Deferred tax liabilities	18	25,042,502	24,364,502
Total non-current liabilities		45,557,695	42,137,101
Loans and borrowings	16	11,560,496	7,235,951
Advances from a shareholder	17	-	3,000,000
Trade and other payables	19	22,210,226	13,722,724
Contract liabilities	15	441,920	834,725
Current tax liabilities		14,392	20,588
Total current liabilities		34,227,034	24,813,988
Total liabilities		79,784,729	66,951,089
Total equity and liabilities		264,737,341	241,959,029

The notes on pages 59 to 128 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Revenue	20	57,554,693	65,111,183
Other income		706,778	882,029
Changes in manufactured inventories		329,193	(342,308)
Raw materials consumed		(24,580,801)	(24,829,724)
Property development costs		-	(496,893)
Staff costs	21	(9,515,754)	(8,653,913)
Depreciation		(7,381,112)	(6,041,304)
Net loss on impairment of financial instruments	22	-	(76,734)
Other expenses		(13,779,561)	(14,557,447)
Results from operating activities	22	3,333,436	10,994,889
Share of profit of equity accounted associate and joint venture, net of tax		173,861	263,127
Interest income of financial assets calculated using the effective interest method that are at amortised cost		107,883	117,862
Finance costs	23	(659,353)	(838,433)
Profit before tax		2,955,827	10,537,445
Tax expense	24	(1,009,902)	(2,468,779)
Profit for the year representing total comprehensive income for the year attributable to owners of the Company		1,945,925	8,068,666
Basic earnings per ordinary share (sen)	25	1.22	5.04

The notes on pages 59 to 128 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Share capital RM	Accumulated losses RM	Capital reserve RM	Prepaid share reserve RM	Total equity RM
At 1 March 2020	202,761,930	(34,893,310)	670,403	-	168,539,023
Profit for the year representing total comprehensive income for the year	-	8,068,666	-	-	8,068,666
Distribution to and total transaction with owners of the Company					
- Dividend to owners of the Company (Note 26)	-	(1,599,749)	-	-	(1,599,749)
At 28 February 2021/1 March 2021	202,761,930	(28,424,393)	670,403	-	175,007,940
Profit for the year representing total comprehensive income for the year	-	1,945,925	-	-	1,945,925
Contribution from and total transaction with owners of the Company					
- Subscription of irredeemable convertible preference shares	-	-	-	7,998,747	7,998,747
At 28 February 2022	202,761,930	(26,478,468)	670,403	7,998,747	184,952,612

The notes on pages 59 to 128 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Profit before tax		2,955,827	10,537,445
Adjustments for :			
Depreciation of :			
- Property, plant and equipment	3	7,042,642	5,703,658
- Right-of-use assets	4	209,260	209,258
- Investment properties	5	129,210	128,388
Plant and equipment written off	22	1,829	1,600,488
Interest income		(107,883)	(117,862)
Interest expense	23	659,353	838,433
Gain on disposal of plant and equipment	22	-	(33,998)
Share of profit of equity accounted associate and joint venture		(173,861)	(263,127)
Fair value loss on other investments	22	2,275	6,707
Unrealised foreign exchange loss/(gain) on borrowings		346,821	(520,923)
Operating profit before changes in working capital		11,065,473	18,088,467
Changes in working capital :			
Inventories		(2,056,196)	934,130
Trade and other receivables		(3,767,202)	(1,052,858)
Trade and other payables		2,853,448	433,830
Contract liabilities		(717,076)	(1,557,078)
Cash generated from operations		7,378,447	16,846,491
Tax paid		(1,380,350)	(1,840,874)
Net cash from operating activities		5,998,097	15,005,617
Cash flows from investing activities			
Interest received		107,883	117,862
Proceeds from disposal of plant and equipment		-	34,000
Acquisition of plant and equipment	A	(11,406,590)	(3,950,531)
Additions to investment properties	5	(69,950)	-
Additions of investment in joint venture		(150,000)	(500,000)
Acquisition of other investments		(414,377)	(362,650)
Net cash used in investing activities		(11,933,034)	(4,661,319)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Cash flows from financing activities			
Repayment of advances to a shareholder		(3,000,000)	-
Interest paid		(659,353)	(838,433)
Dividend paid	26	(1,599,749)	-
Drawdown/(Repayment) of short term borrowings, net		3,467,912	(2,795,984)
Drawdown of term loans, net		3,223,171	2,931,172
Repayment to hire purchase creditors		(70,817)	(18,403)
Proceeds from subscription of irredeemable convertible preference shares	32	11,949,437	
Net cash from/(used in) financing activities		13,310,601	(721,648)
Net increase in cash and cash equivalents		7,375,664	9,622,650
Cash and cash equivalents at 1 March 2021/2020		14,583,459	4,960,809
Cash and cash equivalents at 28 February 2022/ 2021	B	21,959,123	14,583,459

Cash outflows for leases as a lessee

	Note	2022 RM	2021 RM
Included in net cash from operating activities			
Payment relating to short-term leases	22	165,749	172,185
Payment relating to leases of low-value assets	22	13,020	11,935
Total cash outflows for leases		178,769	184,120

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.3.2020	Unrealised foreign exchange gain	Net changes from financing cash flows	At 28.2.2021/ 1.3.2021	Unrealised foreign exchange loss	Acquisition of equipment under hire purchase arrangement	Net changes from financing cash flows	At 28.2.2022
	RM	RM	RM	RM	RM	RM	RM	RM
Bankers' acceptances	2,937,000	-	(2,637,000)	300,000	-	-	750,000	1,050,000
Onshore foreign currency loan	505,298	(13,818)	295,558	787,038	-	-	(787,038)	-
Revolving credit	1,845,200	(60,300)	(165,100)	1,619,800	54,650	-	3,504,950	5,179,400
Export credit refinancing	149,000	-	(149,000)	-	-	-	-	-
Other borrowings	140,442	-	(140,442)	-	-	-	-	-
Short term borrowings	5,576,940	(74,118)	(2,795,984)	2,706,838	54,650	-	3,467,912	6,229,400
Term loans	14,681,805	(446,805)	2,931,172	17,166,172	292,171	-	3,223,171	20,681,514
Hire purchase creditors	64,395	-	(18,403)	45,992	-	492,000	(70,817)	467,175
	20,323,140	(520,923)	116,785	19,919,002	346,821	492,000	6,620,266	27,378,089

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 28 FEBRUARY 2022

NOTES

A. *Payments for acquisition of plant and equipment are arrived at as follows :*

	Note	2022 RM	2021 RM
Additions of plant and equipment	3	(15,181,703)	(6,334,211)
Amount payable to suppliers at beginning of the financial year		(2,383,680)	-
Amount payable to suppliers at end of the financial year	19.1	5,666,793	2,383,680
Amount financed by hire purchase arrangements		492,000	-
Amount paid by cash		(11,406,590)	(3,950,531)

B. *Cash and cash equivalents*

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

	Note	2022 RM	2021 RM
Cash and bank balances	12	16,065,277	1,828,266
Short-term deposits	12	5,893,846	12,822,870
Bank overdrafts	16	-	(67,677)
		21,959,123	14,583,459

The notes on pages 59 to 128 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Assets			
Property, plant and equipment	3	300,219	86,913
Investments in subsidiaries	6	212,735,665	207,193,846
Investment in an associate	7	60	60
Investment in joint venture	8	650,000	500,000
Total non-current assets		213,685,944	207,780,819
Trade and other receivables	11	1,930,410	81,674
Current tax assets		31,170	29,860
Cash and cash equivalents	12	12,162,587	2,058,879
Total current assets		14,124,167	2,170,413
Total assets		227,810,111	209,951,232
Equity			
Share capital	13	202,761,930	202,761,930
Reserves	14	10,035,382	1,333,137
Equity attributable to owners of the Company		212,797,312	204,095,067
Liabilities			
Loans and borrowings	16	165,186	27,589
Total non-current liability		165,186	27,589
Loans and borrowings	16	66,403	18,403
Trade and other payables	19	14,781,210	5,810,173
Total current liabilities		14,847,613	5,828,576
Total liabilities		15,012,799	5,856,165
Total equity and liabilities		227,810,111	209,951,232

The notes on pages 59 to 128 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Revenue	20	2,230,830	2,936,484
Other income		-	3,044
Staff costs	21	(377,278)	(368,741)
Depreciation	3	(88,046)	(47,533)
Other expenses		(1,060,882)	(1,348,995)
Results from operating activities	22	704,624	1,174,259
Interest income of financial assets calculated using the effective interest method that are at amortised cost		5,842	6,991
Finance costs	23	(6,968)	(13,729)
Profit before tax		703,498	1,167,521
Tax expense	24	-	-
Profit for the year representing total comprehensive income for the year attributable to owners of the Company		703,498	1,167,521

The notes on pages 59 to 128 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Share capital RM	Retained earnings RM	Capital reserve RM	Prepaid share eserve RM	Total equity RM
At 1 March 2020	202,761,930	529,617	1,235,748	-	204,527,295
Profit for the year representing total comprehensive income for the year	-	1,167,521	-	-	1,167,521
Distribution to and total transaction with owners of the Company					
- Dividend to owners of the Company (Note 26)	-	(1,599,749)	-	-	(1,599,749)
At 28 February 2021/1 March 2021	202,761,930	97,389	1,235,748	-	204,095,067
Profit for the year representing total comprehensive income for the year	-	703,498	-	-	703,498
Contribution from and total transaction with owners of the Company					
- Subscription of irredeemable convertible preference shares	-	-	-	7,998,747	7,998,747
At 28 February 2022	202,761,930	800,887	1,235,748	7,998,747	212,797,312

The notes on pages 59 to 128 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Profit before tax		703,498	1,167,521
Adjustments for :			
Depreciation of plant and equipment	3	88,046	47,533
Plant and equipment written off	22	28	-
Dividend income	20	(1,500,000)	(2,000,000)
Interest income		(5,842)	(6,991)
Interest expense	23	6,968	13,729
Operating loss before changes in working capital		(707,302)	(778,208)
Changes in working capital :			
Trade and other receivables		(348,736)	2,817,005
Trade and other payables		6,620,096	3,108,930
Cash generated from operations		5,564,058	5,147,727
Dividend received		-	2,000,000
Tax paid		(1,310)	(3,704)
Net cash from operating activities		5,562,748	7,144,023
Cash flows from investing activities			
Purchase of plant and equipment	A	(61,380)	-
Proceeds from disposal of plant and equipment		-	1
Additions of investments in subsidiaries		(5,541,819)	(4,520,576)
Additions of investment in joint venture		(150,000)	(500,000)
Interest received		5,842	6,991
Net cash used in investing activities		(5,747,357)	(5,013,584)

STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 28 FEBRUARY 2022

	Note	2022 RM	2021 RM
Cash flows from financing activities			
Interest paid		(6,968)	(13,729)
Dividend paid	26	(1,599,749)	-
Repayment of bankers' acceptances		-	(557,000)
Repayment to hire purchase creditors		(54,403)	(18,403)
Proceeds from subscription of irredeemable convertible preference shares	32	11,949,437	-
Net cash from/(used in) financing activities		10,288,317	(589,132)
Net increase in cash and cash equivalents		10,103,708	1,541,307
Cash and cash equivalents at 1 March 2021/2020		2,058,879	517,572
Cash and cash equivalents at 28 February 2022/ 2021	12	12,162,587	2,058,879

Cash outflows for leases as a lessee

	Note	2022 RM	2021 RM
Payment relating to short-term leases representing total cash outflows for leases	22	-	6,600

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.3.2021 RM	Acquisition of equipment under hire purchase arrangement RM	Net changes from financing cash flows RM	At 28.2.2022 RM
Hire purchase creditors	45,992	240,000	(54,403)	231,589

	At 1.3.2020 RM	Net changes from financing cash flows RM	At 28.2.2021 RM
Bankers' acceptances	557,000	(557,000)	-
Hire purchase creditor	64,395	(18,403)	45,992
	621,395	(575,403)	45,992

STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 28 FEBRUARY 2022

NOTE

A. Purchase of plant and equipment

	Note	2022 RM	2021 RM
Additions of plant and equipment	3	301,380	-
Less : Amount financed by hire purchase arrangement		(240,000)	-
Amount paid by cash		61,380	-

The notes on pages 59 to 128 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

PGF Capital Berhad *(formerly known as Poly Glass Fibre (M) Bhd.)* is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows :

Registered office

Suite 12-A, Level 12
Menara Northam
No 55, Jalan Sultan Ahmad Shah
10050 George Town
Penang

Principal place of business

2449, Lorong Perusahaan Sepuluh
Kawasan Perusahaan Perai
13600 Perai
Penang

The consolidated financial statements of the Company as at and for the financial year ended 28 February 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate and a joint venture. The financial statements of the Company as at and for the financial year ended 28 February 2022 do not include other entities.

The Company is principally engaged in the trading of fibre glasswool and its related products, provision of management services and investment holding. The principal activities of its subsidiaries, associate and joint venture are disclosed in Note 6, Note 7 and Note 8 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 20 June 2022.

1. Basis of preparation

(a) Statement of compliance

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16*, Leases – Covid-19-Related Rent Concessions beyond 30 June 202*1

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

1. **Basis of preparation (cont'd)**

(a) **Statement of compliance (cont'd)**

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

The Group and the Company plan to apply the abovementioned accounting standard and amendments, where applicable, in the respective financial years when the abovementioned accounting standard and amendments become effective.

The initial application of the amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) **Basis of measurement**

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

(c) **Functional and presentation currencies**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) **Use of estimates and judgements**

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 6, Investments in subsidiaries and Note 9.2, Net realisable value of land held for property development.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Associates

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

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

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Associates (cont'd)

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

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

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

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

(iv) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(v) Loss of control

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

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

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

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

(b) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows :

Amortised cost

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

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

2. **Significant accounting policies (cont'd)**

(c) **Financial instruments (cont'd)**

(iii) **Regular way purchase or sale of financial assets**

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) **Financial guarantee contracts**

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction (capital in-progress) are not depreciated until the assets are ready for their intended use.

2. Significant accounting policies (cont'd)

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

(iii) Depreciation (cont'd)

The principal annual rates used for the current and comparative periods based on their estimated useful lives are as follows :

	%
Buildings	2 - 5
Plant, machinery and equipment	5 - 25
Furniture, fittings and equipment	10 - 20
Motor vehicles	20

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

(e) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similar to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the costs of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Leasehold land is depreciated over the lease term of 60 years and freehold land is not depreciated.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. **Significant accounting policies (cont'd)**

(f) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rates. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group or the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group or the Company is reasonably certain not to terminate early.

2. Significant accounting policies (cont'd)

(f) Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group and the Company act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group and the Company recognise assets held under a finance lease in their statements of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

When the Group or the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. Significant accounting policies (cont'd)

(f) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's or the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group and the Company recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's or the Company's net investment in the lease. The Group and the Company aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Company apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(k)(i)).

(g) Inventories

(i) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle of 2 to 3 years. Such land is classified as non-current assets.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

2. Significant accounting policies (cont'd)

(g) Inventories (cont'd)

(iii) Completed development properties

The cost of completed development properties is determined on the specific identification basis and includes costs of land, direct building costs and other related development costs.

(iv) Other inventories

The cost of inventories is calculated based on the following methods :

Raw materials	}	first-in, first-out
Work-in-progress	}	first-in, first-out
Manufactured inventories	}	first-in, first-out
Consumables	-	weighted average

Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

All inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. In the case of property development, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2 (k)(i)). Contract asset is stated at cost less any accumulated impairment.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers. In the case of property development, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liability includes down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

2. Significant accounting policies (cont'd)

(i) Contract cost (cont'd)

(ii) Cost to fulfil a contract (cont'd)

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments (including the accounts maintained pursuant to the Housing Development (Control and Licensing) Act, 1966). For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

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

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

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

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

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

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

2. **Significant accounting policies (cont'd)**

(l) Equity instruments

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

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months from the end of the reporting period, then they are discounted.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. Significant accounting policies (cont'd)

(o) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(p) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

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

(ii) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. **Significant accounting policies (cont'd)**

(p) **Revenue and other income (cont'd)**

(iv) **Dividend income**

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

(v) **Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are deducted against the related expenses in profit or loss on a systematic basis in the same period in which the expenses are recognised.

(q) **Borrowing costs**

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

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) **Income tax**

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

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

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

2. **Significant accounting policies (cont'd)**

(r) **Income tax (cont'd)**

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

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

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

Unutilised reinvestment allowance and investment tax allowances, being tax incentives that are not tax bases of an asset, are recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentives can be utilised.

(s) **Earnings per ordinary share**

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

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

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares.

(t) **Operating segments**

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

(u) **Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

2. Significant accounting policies (cont'd)

(u) Fair value measurements (cont'd)

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

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

(v) Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are included in property, plant and equipment in the statement of financial position.

Immature bearer plants are recognised at cost, which consist mainly of the accumulated cost of land clearing, planting, fertilizing and upkeeping/maintaining the plantations and allocations of indirect overhead costs up to the time the trees become commercially productive and available for harvest. Costs also include capitalised borrowing costs and other charges incurred in connection with the financing of the development of immature bearer plants. Such capitalisation of borrowing costs ceases when the trees become commercially productive and available for harvest. Immature bearer plants are not amortised.

Immature bearer plants are reclassified to mature bearer plants when they are commercially productive and available for harvest. In general, the bearer plant takes about 6 to 8 years to reach maturity. Matured bearer plants are stated at cost, and are amortised using the straight-line method over their estimated useful lives of the primary bearer plants of 20 years.

The carrying amounts of bearer plants are reviewed for impairment when events or changes in circumstances indicate that their carrying values may not be fully recoverable.

The carrying amount of an item of bearer plants is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is directly included in the profit or loss for the period the item is derecognised.

The asset's useful lives and amortisation method are reviewed at the end of each reporting period and adjusted prospectively, if necessary.

Upkeep and maintenance costs of bearer plants are taken to the profit or loss when they are incurred.

3. Property, plant and equipment

	Buildings RM	Plant, machinery and equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Bearer plants RM	Capital work-in-progress RM	Total RM
Group							
Cost							
At 1 March 2020	22,240,062	75,146,796	2,632,096	1,535,472	-	3,751,568	105,305,994
Additions	-	4,058,194	222,022	-	216,765	1,837,230	6,334,211
Disposals	-	(155,660)	-	(100,000)	-	-	(255,660)
Written off	(1,457)	(3,445,676)	(52,081)	-	-	-	(3,499,214)
Reclassification	-	3,751,568	-	-	-	(3,751,568)	-
At 28 February 2021/ 1 March 2021	22,238,605	79,355,222	2,802,037	1,435,472	216,765	1,837,230	107,885,331
Additions	-	11,857,957	893,445	459,317	1,559,220	411,764	15,181,703
Written off	-	(1,592,773)	(318,070)	-	-	-	(1,910,843)
Reclassification	-	1,837,230	-	-	-	(1,837,230)	-
At 28 February 2022	22,238,605	91,457,636	3,377,412	1,894,789	1,775,985	411,764	121,156,191

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

	Buildings RM	Plant, machinery and equipment RM	Furniture, fittings and equipment RM	Motor vehicles RM	Bearer plants RM	Capital work-in-progress RM	Total RM
Group							
Accumulated depreciation							
At 1 March 2020	6,186,583	42,988,999	1,806,236	1,328,252	-	-	52,310,070
Depreciation for the year	757,879	4,658,383	229,827	57,569	-	-	5,703,658
Disposals	-	(155,660)	-	(99,998)	-	-	(255,658)
Written off	(288)	(1,851,703)	(46,735)	-	-	-	(1,898,726)
At 28 February 2021/1 March 2021	6,944,174	45,640,019	1,989,328	1,285,823	-	-	55,859,344
Depreciation for the year	757,863	5,858,018	310,101	116,660	-	-	7,042,642
Written off	-	(1,592,736)	(316,278)	-	-	-	(1,909,014)
At 28 February 2022	7,702,037	49,905,301	1,983,151	1,402,483	-	-	60,992,972
Carrying amounts							
At 1 March 2020	16,053,479	32,157,797	825,860	207,220	-	3,751,568	52,995,924
At 28 February 2021/1 March 2021	15,294,431	33,715,203	812,709	149,649	216,765	1,837,230	52,025,987
At 28 February 2022	14,536,568	41,552,335	1,394,261	492,306	1,775,985	411,764	60,163,219

3. **Property, plant and equipment (cont'd)**

	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Company			
Cost			
At 1 March 2020	485,997	645,289	1,131,286
Disposals	-	(100,000)	(100,000)
At 28 February 2021/1 March 2021	485,997	545,289	1,031,286
Additions	-	301,380	301,380
Written off	(251,205)	-	(251,205)
At 28 February 2022	234,792	846,669	1,081,461
Depreciation			
At 1 March 2020	420,080	576,759	996,839
Depreciation for the year	27,807	19,726	47,533
Disposals	-	(99,999)	(99,999)
At 28 February 2021/1 March 2021	447,887	496,486	944,373
Depreciation for the year	24,196	63,850	88,046
Written off	(251,177)	-	(251,177)
At 28 February 2022	220,906	560,336	781,242
Carrying amounts			
At 1 March 2020	65,917	68,530	134,447
At 28 February 2021/1 March 2021	38,110	48,803	86,913
At 28 February 2022	13,886	286,333	300,219

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

3.1 Security

The carrying amounts of property, plant and equipment which secure the hire purchase creditors (see Note 16) are as follows :

	2022 RM	2021 RM
Group		
Furniture, fittings and equipment	326,829	34,497
Motor vehicles	358,191	-
Company		
Furniture, fittings and equipment	11,499	34,497
Motor vehicles	251,150	-

The carrying amounts of property, plant and equipment of the Group charged to financial institutions for banking facilities granted to the Group (see Note 16) are as follows :

	2022 RM	2021 RM
Group		
Buildings	7,205,551	7,683,205
Plant, machinery and equipment	28,146,946	16,897,710

4. Right-of-use assets - Group

	Land RM
At 1 March 2020	4,471,614
Depreciation for the year	(209,258)
At 28 February 2021/1 March 2021	4,262,356
Depreciation for the year	(209,260)
At 28 February 2022	4,053,096

The Group leases certain land for a period of 60 years. The land classified as right-of-use assets of the Group with carrying amount of RM3,315,611 (2021: RM3,491,268) is charged to financial institutions for banking facilities granted to the Group (see Note 16).

5. Investment properties - Group

	Commercial properties RM
Cost	
At 1 March 2020/28 February 2021/1 March 2021	6,389,018
Additions	69,950
At 28 February 2022	6,458,968
Accumulated depreciation	
At 1 March 2020	781,050
Depreciation for the year	128,388
At 28 February 2021/1 March 2021	909,438
Depreciation for the year	129,210
At 28 February 2022	1,038,648
Carrying amount	
At 1 March 2020	5,607,968
At 28 February 2021/1 March 2021	5,479,580
At 28 February 2022	5,420,320

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

	2022 RM	2021 RM
Lease income	384,000	374,000
Direct operating expenses : - income generating investment properties	252,909	251,955

5.1 Fair value information

Investment properties comprise a number of commercial properties. The Directors had determined the current uses of these investment properties as their highest and best use.

The fair value was based on Directors' estimation using the latest available market information of similar property within the same locality. The most significant input into this valuation approach is price per square foot. The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower). The fair value of the investment properties of the Group as at 28 February 2022 is classified as level 3 of fair value hierarchy and determined to be approximately RM7,915,000 (2021: RM6,364,000).

6. Investments in subsidiaries - Company

	Note	2022 RM	2021 RM
Cost of investments		199,620,309	199,620,309
Amount due from subsidiaries	6.1	13,296,097	7,754,278
Less : Accumulated impairment losses		(180,741)	(180,741)
		212,735,665	207,193,846

6.1 Amount due from subsidiaries

The amount due from subsidiaries is regarded as net investments in subsidiaries. This amount is unsecured, interest-free and repayable on demand.

6.2 Key sources of estimation uncertainties

The Company determines whether there is impairment on interests in subsidiaries when indicators of impairment were identified. The recoverable amount is estimated based on the higher of fair value less cost to sell and the value in use. Estimating the recoverable amount requires the Company to make an estimate of the fair value of the net assets in the subsidiary, which mainly comprise land held for property development.

Details of the subsidiaries are as follows :

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership and voting interest		Principal activities
		2022 %	2021 %	
PGF Insulation Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of fibre glasswool and its related products
Golden Approach Sdn. Bhd.	Malaysia	100	100	Property development
Concrete Energy Sdn. Bhd.	Malaysia	100	100	Property holding, trading and manufacturing of melt-blown non-woven fabric
Clover Sdn. Bhd.	Malaysia	100	100	Property holding, trading in fibre glasswool and its related products
PGF Global Distribution Sdn. Bhd.	Malaysia	100	100	Trading in fibre glasswool and its related products

6. Investments in subsidiaries - Company (cont'd)

Details of the subsidiaries are as follows (cont'd) :

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2022 %	2021 %	Principal activities
Diamond Creeks Eco Farm Sdn. Bhd.	Malaysia	100	100	Plantation of tropical fruits

Restriction imposed by bank covenants

The covenant of a loan facility taken by a subsidiary of the Company restricts the ability of the subsidiary to declare dividends to its shareholders in excess of 50% of the subsidiary's profit after tax unless prior written consent from the financial institution is obtained.

7. Investment in an associate

	2022 RM	2021 RM
Group		
Unquoted shares, at cost	60	60
Share of post acquisition reserves	783,979	479,238
	784,039	479,298
Company		
Unquoted shares, at cost	60	60

Details of the associate are as follows :

Name of associate	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2022 %	2021 %	Nature of relationship/ Principal activity
Ecowool Insulation Pty. Ltd.	Australia	20	20	Sale and distribution of fibre glasswool and related products

7. Investment in an associate (cont'd)

The following table summarises the information of the Group's associate and reconcile the information to the carrying amount of the Group's interest in associate.

	Ecowool Insulation Pty. Ltd. RM
Summarised financial information	
As at 28 February 2022	
Current assets	7,300,084
Current liabilities	(3,379,891)
Net assets	3,920,193
Year ended 28 February 2022	
Profit representing total comprehensive income from continuing operations	1,523,705
Included in the total comprehensive income is :	
Revenue	30,999,244
Reconciliation of net assets to carrying amount	
As at 28 February 2022	
Group's share of net assets	784,039
As at 28 February 2021	
Current assets	11,050,552
Current liabilities	(8,654,064)
Net assets	2,396,488
Year ended 28 February 2021	
Profit representing total comprehensive income from continuing operations	1,509,982
Included in the total comprehensive income is :	
Revenue	31,368,904
Reconciliation of net assets to carrying amount	
As at 28 February 2021	
Group's share of net assets	479,298

8. Investment in joint venture

	2022 RM	2021 RM
Group		
Unquoted shares, at cost	650,000	500,000
Share of post-acquisition reserves	(169,750)	(38,870)
	480,250	461,130
Company		
Unquoted shares, at cost	650,000	500,000

During the financial year ended 28 February 2021, the Company entered into a joint venture arrangement with Hong Len Aquatic Sdn Bhd to execute and manage hatchery of freshwater aquaculture and related activities in Tanjung Malim, Perak Darul Ridzuan.

Diamond Creeks Acquatech Sdn. Bhd. ("DCA") is structured as a separate vehicle and provides the Group and the Company rights to the net assets of the entity. Accordingly, the Group and the Company have classified the investment in DCA as a joint venture.

On 10 May 2022, the Company increased its investment in DCA by acquiring 100,000 ordinary shares in DCA for a total cash consideration of RM100,000.

The following table summarises the financial information of DCA, as adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in DCA, which is accounted for using the equity method.

	2022 RM
Percentage of ownership interest	50%
Percentage of voting interest	50%
Summarised financial information	
As at 28 February 2022	
Non-current assets	1,184,625
Current assets	66,423
Current liabilities	(290,548)
Net assets	960,500
Year ended 28 February 2022	
Loss representing total comprehensive expense from continuing operations	261,760
Included in the total comprehensive expense:	
Depreciation	75,009
Reconciliation of net assets to carrying amount	
As at 28 February 2022	
Group's share of net assets	480,250

8. Investment in joint venture (cont'd)

	2021 RM
Percentage of ownership interest	50%
Percentage of voting interest	50%
Summarised financial information	
As at 28 February 2021	
Non-current assets	811,485
Current assets	124,028
Current liabilities	(13,253)
Net assets	922,260
Year ended 28 February 2021	
Loss representing total comprehensive expense from continuing operations	77,740
Included in the total comprehensive expense:	
Depreciation	34,587
Reconciliation of net assets to carrying amount	
As at 28 February 2021	
Group's share of net assets	461,130

9. Inventories - Group

	Note	2022 RM	2021 RM
Non-current			
Land held for property development	9.1	135,706,719	135,696,269
Current			
Completed development properties		723,714	708,284
Manufactured inventories		5,329,172	4,999,979
Work-in-progress		34,136	34,061
Raw materials		5,642,720	3,978,564
Consumables		3,097,143	3,060,251
		14,826,885	12,781,139

9. Inventories - Group (cont'd)

9.1 Land held for property development

Balance at end of the financial year comprises :

	2022 RM	2021 RM
Leasehold land	173,672,803	173,667,353
Less : Write-down to net realisable value	(43,986,259)	(43,986,259)
	129,686,544	129,681,094
Development costs	6,020,175	6,015,175
	135,706,719	135,696,269

9.2 Net realisable value of land held for property development

The Board of Directors assessed the net realisable value of land held for future development included in the property development segment at the end of each reporting period.

In estimating the net realisable amount of the land held for property development at financial year end, the Directors considered its fair value less cost to sell determined based on a professional valuation carried out by a firm of professional valuers on an open market value basis conducted in February 2020.

10. Other investments - Group

	2022 RM	2021 RM
Fair value through profit or loss		
Investment linked financial instruments	768,045	355,943

11. Trade and other receivables

	Note	2022 RM	2021 RM
Group			
Trade			
Trade receivables		11,825,591	11,315,487
Associate	11.1	4,104,323	2,740,369
		15,929,914	14,055,856
Non-trade			
Other receivables		510,822	571,444
Deposits		110,450	89,632
Prepayments	11.2	2,484,520	551,572
		3,105,792	1,212,648
		19,035,706	15,268,504
Company			
Non-trade			
Amount due from subsidiaries	11.3	-	73,079
Deposits		1,660	1,660
Prepayments		428,750	6,935
Dividend receivable		1,500,000	-
		1,930,410	81,674

11.1 Amount due from an associate

The trade amount due from an associate of the Group is unsecured with credit term of 60 days (2021 : 60 days).

11.2 Prepayments

Included in the prepayments of the Group is an amount of RM1,672,399 (2021 : RM85,747) representing advance payments made to suppliers.

11.3 Amount due from subsidiaries

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

12. Cash and cash equivalents

	2022 RM	2021 RM
Group		
Short term deposits	5,893,846	12,822,870
Cash and bank balances	16,065,277	1,828,266
	21,959,123	14,651,136
Company		
Short term deposits	213,150	2,056,570
Cash and bank balances	11,949,437	2,309
	12,162,587	2,058,879

Included in the cash and bank balances of the Group is an amount of RM1,226 (2021 : RM1,239) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and is restricted from use in other operations.

Included in the cash and bank balances of the Group and the Company is an amount of RM11,949,437 (2021: RM Nil) representing cash received in relation to the subscriptions of irredeemable convertible preference shares held by the share registrar where RM3,950,690 (2021: RM Nil) from the excess application is restricted from use and to be refunded to subscribers (see Note 32).

13. Share capital - Group/Company

	2022		2021	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully-paid ordinary shares with no par value classified as equity instruments	202,761,930	159,974,948	202,761,930	159,974,948

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14. Reserves

	Note	2022 RM	2021 RM
Group			
Accumulated losses		(26,478,468)	(28,424,393)
Capital reserve - Non distributable	14.1	670,403	670,403
Prepaid share reserve - Non distributable	14.2	7,998,747	-
		(17,809,318)	(27,753,990)

14. Reserves (cont'd)

	Note	2022 RM	2021 RM
Company			
Retained earnings - Distributable		800,887	97,389
Capital reserve - Non distributable	14.1	1,235,748	1,235,748
Prepaid share reserve - Non distributable	14.2	7,998,747	-
		10,035,382	1,333,137

14.1 Capital reserve

The capital reserve represents gain on disposal of a subsidiary.

14.2 Prepaid share reserve

The prepaid share reserve represents subscriptions received in relation to the unallotted irredeemable convertible preference shares (see Note 32).

15. Contract liabilities - Group

	2022 RM	2021 RM
Non-current	4,697,600	5,021,871
Current	441,920	834,725
	5,139,520	5,856,596

The non-current contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time, arising from the property development activities.

The current contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised at a point in time, arising from the sale of fibre glasswool and related products activities.

16. Loans and borrowings

	Note	2022 RM	2021 RM
Group			
Non-current			
Secured			
Term loans	16.1	15,467,236	12,062,430
Hire purchase creditors	16.1	350,357	27,589
		15,817,593	12,090,019
Unsecured			
Term loan		-	660,709
		15,817,593	12,750,728
Current			
Secured			
Term loans	16.1	5,214,278	4,104,576
Hire purchase creditors	16.1	116,818	18,403
		5,331,096	4,122,979
Unsecured			
Bank overdrafts		-	67,677
Bankers' acceptances		1,050,000	300,000
Onshore foreign currency loan		-	787,038
Revolving credit		5,179,400	1,619,800
Term loan		-	338,457
		6,229,400	3,112,972
		11,560,496	7,235,951
Company			
Non-current			
Secured			
Hire purchase creditors		165,186	27,589
Current			
Secured			
Hire purchase creditor		66,403	18,403

16. Loans and borrowings (cont'd)

16.1 Security

The hire purchase creditors are secured as the rights to the leased assets revert to the lessors in the event of default.

The secured term loans are secured by fixed and floating charges over certain property, plant and equipment of the Group (see Note 3) and right-of-use assets (see Note 4).

17. Advances from a shareholder, unsecured - Group

	2022 RM	2021 RM
Current		
Advances from a shareholder	-	3,000,000

The advances from a shareholder were unsecured and carried interests at 5.4% per annum.

The Company had issued a corporate guarantee of similar amount in favour of the shareholder to guarantee the repayment of debt by its subsidiary.

18. Deferred tax liabilities - Group

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM
Property, plant and equipment						
- capital allowance	-	-	(7,018,000)	(6,304,394)	(7,018,000)	(6,304,394)
- revaluation	-	-	-	(288,606)	-	(288,606)
Land held for property development - revaluation	-	-	(23,088,502)	(23,088,502)	(23,088,502)	(23,088,502)
Provisions	159,000	257,000	-	-	159,000	257,000
Unutilised investment tax allowance	4,511,000	4,666,000	-	-	4,511,000	4,666,000
Unutilised increased export allowance	394,000	394,000	-	-	394,000	394,000
Deferred tax assets/(liabilities)	5,064,000	5,317,000	(30,106,502)	(29,681,502)	(25,042,502)	(24,364,502)
Set off of tax	(5,064,000)	(5,317,000)	5,064,000	5,317,000	-	-
Net deferred tax liabilities	-	-	(25,042,502)	(24,364,502)	(25,042,502)	(24,364,502)

18. Deferred tax liabilities - Group (cont'd)

Movements in temporary differences during the year :

	At 1.3.2020 RM	Recognised in profit or loss (Note 24) RM	At 29.2.2021/ 1.3.2021 RM	Recognised in profit or loss (Note 24) RM	At 28.2.2022 RM
Property, plant and equipment					
- capital allowance	(6,651,394)	347,000	(6,304,394)	(713,606)	(7,018,000)
- revaluation	(288,606)	-	(288,606)	288,606	-
Land held for property development					
- revaluation	(23,088,502)	-	(23,088,502)	-	(23,088,502)
Provisions	87,000	170,000	257,000	(98,000)	159,000
Unutilised reinvestment allowance	266,000	(266,000)	-	-	-
Unutilised investment tax allowance	5,979,000	(1,313,000)	4,666,000	(155,000)	4,511,000
Unutilised increased export allowance	394,000	-	394,000	-	394,000
Net tax liabilities	(23,302,502)	(1,062,000)	(24,364,502)	(678,000)	(25,042,502)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

	2020 RM	2021 RM
Group		
Tax loss carry-forwards		
- expiring in YA2028 (2021 : 2025)	15,400,000	15,400,000
- expiring in YA2029 (2021 : 2026)	9,660,000	9,660,000
- expiring in YA2030 (2021 : 2027)	189,000	189,000
- expiring in YA2031 (2021 : 2028)	460,000	685,000
- expiring in YA2032	1,590,000	-
Unutilised reinvestment allowance		
- expiring in YA2025	427,000	427,000
Unabsorbed capital allowance	1,215,000	345,000
Unutilised increased export allowance	177,000	177,000
Development cost incurred	5,792,000	5,390,000
Provisions	1,000	743,000
Others	152,800	140,800
	35,063,800	33,156,800

18. Deferred tax liabilities - Group (cont'd)

Unrecognised deferred tax assets (cont'd)

	2022 RM	2021 RM
Company		
Provisions	-	434,000
Unabsorbed capital allowance	271,000	269,000
Unutilised increased export allowance	177,000	177,000
Unutilised reinvestment allowance		
- expiring in YA2025	427,000	427,000
Tax loss carry-forwards		
- expiring in YA2030 (2021 : 2027)	189,000	189,000
- expiring in YA2031 (2021 : 2028)	420,000	348,000
- expiring in YA2032	950,000	-
	2,434,000	1,844,000

According to the Finance Bill 2021, the tax loss carry-forwards of the Group and the Company as at 28 February 2018 and thereafter will only be available for carry forward up to a period of 10 (2021: 7) consecutive years of assessment ("YAs"). Upon expiry of the 10th (2021: 7th) years, the tax loss carry-forwards will be disregarded. The unutilised reinvestment allowance can only be carried forward up to 7 consecutive years of assessment after the expiry/end of the qualifying period. Unabsorbed capital allowance and unutilised increased export allowance do not expire under the current tax legislation.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

19. Trade and other payables

	Note	2022 RM	2021 RM
Group			
Trade			
Trade payables		3,432,998	2,388,506
Non-trade			
Indirect tax payable		304,096	200,918
Other payables	19.1	15,161,625	5,824,912
Accrued expenses		3,311,507	3,708,639
Dividend payable		-	1,599,749
		18,777,228	11,334,218
		22,210,226	13,722,724

19. Trade and other payables (cont'd)

	Note	2022 RM	2021 RM
Company			
Trade			
Subsidiary		-	553,891
Non-trade			
Subsidiaries	19.2	10,704,481	3,114,599
Other payables	19.1	3,993,627	29,302
Accrued expenses		83,102	512,632
Dividend payable		-	1,599,749
		14,781,210	5,256,282
		14,781,210	5,810,173

19.1 Other payables

Included in other payables of the Group is an amount of RM5,666,793 (2021 : RM2,383,680) representing payables to suppliers for acquisition of plant and equipment.

Included in other payables of the Group and the Company is an amount of RM3,950,690 (2021: RM Nil) representing payables on excess application of irredeemable convertible preference shares (Note 32).

19.2 Amount due to subsidiaries

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

20. Revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
Sale of fibre glasswool and its related products	56,055,598	63,266,369	-	-
Sale of melt-blown non-woven fabric	1,082,495	277,694	-	-
Property development revenue	-	1,169,120	-	-
Commission income	-	-	-	41,806
Management fees	-	-	730,830	894,678
	57,138,093	64,713,183	730,830	936,484
Other revenue				
Lease income	416,600	398,000	-	-
Dividend income	-	-	1,500,000	2,000,000
Total revenue	57,554,693	65,111,183	2,230,830	2,936,484

20. **Revenue (cont'd)**

20.1 Disaggregation of revenue

	Fibre glasswool and related products		Property development		Reportable segments Investment holding		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Primary geographical markets										
Malaysia	17,202	14,760	-	1,169	-	-	1,082	278	18,284	16,207
Southern East Asia (excluding Malaysia)	4,174	3,935	-	-	-	-	-	-	4,174	3,935
Oceania	33,522	43,198	-	-	-	-	-	-	33,522	43,198
Other countries	1,158	1,373	-	-	-	-	-	-	1,158	1,373
	56,056	63,266	-	1,169	-	-	1,082	278	57,138	64,713
Timing and recognition										
At a point in time	56,056	63,266	-	-	-	-	1,082	278	57,138	63,544
Over time	-	-	-	1,169	-	-	-	-	-	1,169
	56,056	63,266	-	1,169	-	-	1,082	278	57,138	64,713
Revenue from contracts with customers	56,056	63,266	-	1,169	-	-	1,082	278	57,138	64,713
Other revenue	-	-	-	-	417	398	-	-	417	398
Total revenue	56,056	63,266	-	1,169	417	398	1,082	278	57,555	65,111

20. Revenue (cont'd)

20.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Group					
Sale of fibre glasswool and its related products	Revenue is recognised when the goods are delivered and accepted by the customers for domestic sales, or when the goods are loaded on board of shipping vessels for overseas sales.	Credit period of 14 to 60 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Product warranty of 70 years are given to customers.
Sale of melt-blown non-woven fabric	Revenue is recognised when the goods are delivered and accepted by the customers at their premises for domestic sales, or when the goods are loaded on board of shipping vessels for overseas sales.	Credit period of 60 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Sale of development properties	Revenue is recognised over time as costs are incurred. These contracts would meet the criteria of having no alternative use and the Group has rights to payment for work performed.	Credit period of 120 days from invoice date.	Not applicable.	Not applicable.	Defect liability period ranging from 6 months to 2 years are given to the customer.
Company					
Commission income	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises. Revenue is recognised as commission income since the Company act as an agent to its subsidiary in the sale of fibre glasswool and its related products.	Credit period of 14 to 60 days from invoice date for its sales to customers.	Not applicable.	Principal shall be liable to fulfill the obligation for returns or refunds.	Product warranty of 70 years are given to customers by the principal.
Management fees	Management fees are in relation to the management services rendered to its subsidiaries and are recognised over the period of services rendered.	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

21. Staff costs

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Wages, salaries and others (excluding Directors' remuneration)	8,856,228	8,092,132	335,060	329,741
Contribution to state plan	659,526	561,781	42,218	39,000
Staff costs	9,515,754	8,653,913	377,278	368,741

The staff costs of the Group is set-off by government grant received of RM Nil (2021: RM136,000) as wage subsidies to retain local employees during the approved period of economic uncertainties brought about by the Coronavirus (COVID-19) outbreak.

22. Results from operating activities

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Results from operating activities are arrived at after charging/(crediting) :					
Auditors' remuneration					
Audit fees		110,000	100,000	20,000	20,000
Other services					
- KPMG PLT		5,500	4,500	3,000	2,000
- Affiliates of KPMG PLT		28,500	26,100	8,500	8,000
Directors' emoluments					
- fees		25,200	25,200	25,200	25,200
- remuneration					
- current year	22.1	884,391	1,081,912	884,391	1,081,912
- prior year	22.1	(145,179)	-	(145,179)	-
Material expenses/ (income)					
Plant and equipment					
- written off		1,829	1,600,488	28	-
- gain on disposal		-	(33,998)	-	-
Fair value loss on other investments		2,275	6,707	-	-
Loss/(Gain) on foreign exchange					
- realised		8,161	(199,342)	-	-
- unrealised		256,601	(545,755)	-	-
Insurance claim		(9,869)	(20,885)	-	-

22. Results from operating activities (cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Material expenses/(income) (cont'd)					
(Reversal of)/Inventories written down		(490,531)	619,371	-	-
Expenses arising from leases					
Expenses relating to short term leases		165,749	172,185	-	6,600
Expenses relating to leases of low-value assets		13,020	11,935	-	-
Net loss on impairment of financial instruments					
Financial assets at amortised cost		-	76,734	-	-

22.1 Included in Directors' remuneration of the Group and of the Company is an amount of RM108,015 (2021 : RM140,262), representing contributions made to the state plan. The estimated monetary value of Directors' benefits-in-kind of the Group and of the Company otherwise than in cash is RM21,505 (2021 : RM24,185).

23. Finance costs

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest expense of financial liabilities that are not at fair value through profit or loss recognised in profit or loss :				
Bankers' acceptances	5,969	56,882	-	10,472
Advances from a shareholder	49,710	167,548	-	-
Term loans	589,865	596,372	-	-
Onshore foreign currency loan and other borrowings	5,431	12,185	-	-
Hire purchase creditors	8,357	3,257	6,947	3,257
Bank overdrafts	21	2,189	21	-
	659,353	838,433	6,968	13,729

24. Tax expense

Recognised in profit or loss

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current tax expense				
- current year	733,375	1,577,987	-	-
- prior years	(401,473)	(171,208)	-	-
	331,902	1,406,779	-	-
Deferred tax expense				
- current year	748,000	1,757,000	-	-
- prior years	(70,000)	(695,000)	-	-
	678,000	1,062,000	-	-
Total tax expense	1,009,902	2,468,779	-	-

Reconciliation of tax expense

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	2,955,827	10,537,445	703,498	1,167,521
Tax at Malaysian tax rate of 24%	709,398	2,528,987	168,840	280,205
Non-deductible expenses	253,152	391,634	57,751	47,655
Income not subject to tax	-	-	(360,000)	(480,000)
Deferred tax assets not recognised	457,680	368,568	141,600	152,400
Other items	61,145	45,798	(8,191)	(260)
	1,481,375	3,334,987	-	-
Over provision in prior years	(471,473)	(866,208)	-	-
Tax expense	1,009,902	2,468,779	-	-

25. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 28 February 2022 was based on the Group's profit attributable to the owners of the Company of RM1,945,925 (2021 : RM8,068,666) and on the weighted average number of ordinary shares outstanding during the year of 159,974,948 (2021 : 159,974,948).

26. Dividend

Dividend recognised in the current financial year is as follows:

	Sen per share	Total amount RM	Date of payment
In respect of financial year ended 28 February 2021			
Interim dividend	1.0	1,599,749	19 March 2021

The Directors do not recognised any dividend to be paid for the financial year under review.

27. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Chairman (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

Fibre glasswool and related products	Manufacturer and distributor of fibre glasswool and other related products
Property development	Development of a country retreat comprising bungalow lots and orchard lots
Investment holding	Investments in shares and other investments, and letting of properties

Other non-reportable segments comprise operations related to trading and manufacturing of melt-blown non-woven fabric and plantation of tropical fruits.

Performance is measured based on segment profit/(loss) before tax, interest and share of results of equity accounted associate and joint venture ("segment profit") as included in the internal management reports that are reviewed by the Group's Executive Chairman (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment total asset is used to measure the return of assets of each segment.

27. Operating segments (cont'd)

Segment liabilities

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

Segment capital expenditure

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

	Fibre glasswool and related products RM'000	Property development RM'000	Investment holding RM'000	Others RM'000	Total RM'000
2022					
Segment profit/(loss)	3,423	(650)	1,474	(914)	3,333
Included in the measure of segment profit/(loss) are:					
Revenue from external customers	56,056	-	417	1,082	57,555
Reversal of inventories written down	491	-	-	-	491
Depreciation	6,195	11	871	305	7,381
Not included in the measure of segment profit/(loss) but provided to Executive Chairman :					
Interest income	96	1	9	2	108
Interest expense	405	-	253	1	659
Tax expense	776	22	212	-	1,010
Segment assets	106,120	138,084	16,664	3,869	264,737
Included in the measure of segment assets are :					
Additions to non-current assets other than financial instruments	13,573	6	371	1,302	15,252

27. Operating segments (cont'd)

Segment capital expenditure (cont'd)

	Fibre glasswool and related products RM'000	Property development RM'000	Investment holding RM'000	Others RM'000	Total RM'000
2021					
Segment profit/(loss)	11,118	(193)	786	(716)	10,995
Included in the measure of segment profit/(loss) are:					
Revenue from external customers	63,266	1,169	398	278	65,111
Inventories written down	619	-	-	-	619
Depreciation	5,112	11	782	136	6,041
Not included in the measure of segment profit/(loss) but provided to Executive Chairman :					
Interest income	117	1	-	-	118
Interest expense	530	-	308	-	838
Tax expense	2,142	39	288	-	2,469
Segment assets	84,188	138,021	18,866	884	241,959
Included in the measure of segment assets are :					
Additions to non-current assets other than financial instruments	4,879	177	-	1,278	6,334

27. Operating segments (cont'd)

Geographical information

Revenue and non-current assets are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investment in an associate and investment in joint venture. Geographical information for revenue is as disclosed in Note 20.1.

	2022 Non-current assets RM'000	2021 Non-current Assets RM'000
Geographical information		
Malaysia	206,111	197,820

Major customers

Major customers contributing more than 10% of the Group's total revenue for the financial year are as follows :

	Segment	2022 RM
Customer A	Fibre glasswool and related products	14,392,576
Customer B	Fibre glasswool and related products	5,965,200
Customer C	Fibre glasswool and related products	5,833,092

		2021 RM
Customer A	Fibre glasswool and related products	20,848,600
Customer B	Fibre glasswool and related products	9,209,110

28. Related parties

28.1 Identity of related parties

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

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

The Group has a related party relationship with its subsidiaries, an associate, a joint venture, a corporate shareholder in which a Director has a substantial financial interest, Directors and key management personnel.

28. Related parties (cont'd)

28.2 Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the transactions below are shown in Notes 6, 11, 17 and 19.

i) Transactions with subsidiaries

	Company	
	2022	**2021**
	RM	**RM**
Commission income	-	41,806
Management fees received	730,830	894,678
Dividend income	1,500,000	2,000,000

ii) Transactions with an associate

	Group	
	2022	**2021**
	RM	**RM**
Sale of fibre glasswool	17,357,476	20,848,600

iii) Transactions with Equaplus Sdn. Bhd., a corporate shareholder of the Company in which a Director has a substantial financial interest

	Group	
	2022	**2021**
	RM	**RM**
Interest expense paid and payable	49,710	167,548

iv) Transactions with key management personnel

There were no transactions with key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed below.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Executive Directors				
- Remuneration				
- Current year	877,791	1,075,312	877,791	1,075,312
- Prior year	(145,179)	-	(145,179)	-
- Estimated monetary value of benefits-in-kind	21,505	24,185	21,505	24,185
	754,117	1,099,497	754,117	1,099,497

28. Related parties (cont'd)

28.2 Significant related party transactions (cont'd)

iv) Transactions with key management personnel (cont'd)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Other key management personnel				
- Short term employee benefits	521,602	466,711	240,000	192,903
	1,275,719	1,566,208	994,117	1,292,400

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

29. Capital commitment - Group

	2022	**2021**
	RM'000	**RM'000**
Property, plant and equipment		
- Contracted but not provided for	1,641	4,852

30. Financial instruments

30.1 Categories of financial instruments

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

(a) Amortised cost ("AC"); and
(b) Fair value through profit or loss ("FVTPL").

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
2022			
Group			
Other investments	768,045	-	768,045
Trade and other receivables (excluding deposits and prepayments)	16,440,736	16,440,736	-
Cash and cash equivalents	21,959,123	21,959,123	-
	39,167,904	38,399,859	768,045
Company			
Trade and other receivables (excluding deposits and prepayments)	1,500,000	1,500,000	-
Cash and cash equivalents	12,163,587	12,163,587	-
	13,663,587	13,663,587	-
Financial liabilities			
2022			
Group			
Loans and borrowings	27,378,089	27,378,089	-
Trade and other payables (excluding indirect tax payable)	21,906,130	21,906,130	-
	49,284,219	49,284,219	-

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM	FVTPL RM
Financial liabilities			
2022			
Company			
Loans and borrowings	231,589	231,589	-
Trade and other payables	14,781,210	14,781,210	-
	15,012,799	15,012,799	-
Financial assets			
2021			
Group			
Other investments	355,943	-	355,943
Trade and other receivables (excluding deposits and prepayments)	14,627,300	14,627,300	-
Cash and cash equivalents	14,651,136	14,651,136	-
	29,634,379	29,278,436	355,943
Company			
Trade and other receivables (excluding deposits and prepayments)	73,079	73,079	-
Cash and cash equivalents	2,058,879	2,058,879	-
	2,131,958	2,131,958	-

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM	FVTPL RM
Financial liabilities			
2021			
Group			
Loans and borrowings	19,986,679	19,986,679	-
Trade and other payables (excluding indirect tax payable)	13,521,806	13,521,806	-
Advances from a shareholder	3,000,000	3,000,000	-
	36,508,485	36,508,485	-

	Carrying amount RM	AC RM	FVTPL RM
Financial liabilities			
2021			
Company			
Loans and borrowings	45,992	45,992	-
Trade and other payables	5,810,173	5,810,173	-
	5,856,165	5,856,165	-

30.2 Net gains and losses arising from financial instruments

	2022 RM	2021 RM
Group		
Net (losses)/gains arising on :		
Financial assets measured at amortised cost	107,883	18,985
Financial liabilities measured at amortised cost	(924,115)	(71,193)
Financial assets measured at fair value through profit or loss	(2,275)	(6,707)
	(818,507)	(58,915)

30. Financial instruments (cont'd)

30.2 Net gains and losses arising from financial instruments (cont'd)

	2022 RM	2021 RM
Company		
Net (losses)/gains arising on :		
Financial assets measured at amortised cost	5,842	6,991
Financial liabilities measured at amortised cost	(6,968)	(13,729)
	(1,126)	(6,738)

30.3 Financial risk management

The Group and the Company have exposures to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristic of each customer. The Company's exposure to credit risk arises principally from the individual characteristic of each customer, advances to subsidiaries and financial guarantees given to financial institutions for banking facilities granted to subsidiaries.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees by directors of the customers and security bond by the customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

Exposure to credit risk, credit quality and collateral

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

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Trade receivables (cont'd)

Exposure to credit risk, credit quality and collateral (cont'd)

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

The Group and the Company received financial guarantees given by directors of customers in managing exposure to credit risks. At the end of the reporting period, financial guarantees received by the Group and the Company are as follows :

	Group	
	2022	**2021**
	RM	**RM**
Limit	100,000	100,000
Outstanding balance of trade receivables	13,337	26,456

Concentration of credit risk

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

	2022	**2021**
	RM	**RM**
Group		
Malaysia	7,356,229	5,461,102
Southern East Asia (excluding Malaysia)	475,760	938,175
Oceania	8,097,820	7,654,900
Others	105	1,679
	15,929,914	14,055,856

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses

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

	Gross RM	Loss allowance RM	Net RM
Group			
2022			
Not past due	10,702,482	-	10,702,482
Past due 1 - 30 days	2,744,937	-	2,744,937
Past due 31 - 60 days	1,172,986	-	1,172,986
Past due 61 - 90 days	104,328	-	104,328
	14,724,733	-	14,724,733
Credit impaired			
Past due more than 90 days	1,281,915	(76,734)	1,205,181
	16,006,648	(76,734)	15,929,914
2021			
Not past due	9,369,933	-	9,369,933
Past due 1 - 30 days	1,625,589	-	1,625,589
Past due 31 - 60 days	1,698,055	-	1,698,055
Past due 61 - 90 days	180,916	-	180,916
	12,874,493	-	12,874,493
Credit impaired			
Past due more than 90 days	1,258,097	(76,734)	1,181,363
	14,132,590	(76,734)	14,055,856

The movements in the allowance for impairment in respect of trade receivables during the year are as shown below

	Group	
	2022	**2021**
	RM	**RM**
At 1 March 2021/2020	76,734	-
Net remeasurement of loss allowance	-	76,734
At 28 February 2022/2021	76,734	76,734

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and to a shareholder, Equaplus Sdn. Bhd. in respect of advances given to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM26,911,000 (2021 : RM19,086,000) and RM Nil (2021 : RM3,000,000) representing the outstanding banking facilities of the subsidiaries and amount owing to a corporate shareholder, Equaplus Sdn. Bhd. by the subsidiary respectively as at the end of the reporting period.

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

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

Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

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

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, advances from a shareholder, loans and borrowings.

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

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

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis

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

	Carrying amount	Contractual interest rate per annum	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
Non-derivative financial liabilities							
Group							
2022							
Secured term loans	20,681,514	2.10 - 5.14	22,100,008	5,721,056	4,560,654	9,608,218	2,210,080
Hire purchase creditors	467,175	2.05 - 3.54	529,526	132,588	121,742	275,196	-
Bankers' acceptances	1,050,000	3.02 - 3.07	1,050,000	1,050,000	-	-	-
Revolving credit	5,179,400	1.32 - 2.98	5,179,400	5,179,400	-	-	-
Trade and other payables	21,906,130	-	21,906,130	21,906,130	-	-	-
	49,284,219		50,765,064	33,989,174	4,682,396	9,883,414	2,210,080

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount	Contractual interest rate per annum	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
Non-derivative financial liabilities							
Company							
2022							
Hire purchase creditors	231,589	2.05 - 3.54	257,384	74,580	63,734	119,070	-
Trade and other payables	14,781,210	-	14,781,210	14,781,210	-	-	-
Financial guarantees	-	-	26,911,000	26,911,000	-	-	-
	15,012,799		41,949,594	41,766,790	63,734	119,070	-

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
Group							
2021							
Secured term loans	16,167,006	2.10 - 5.64	17,384,182	4,536,775	4,042,991	7,556,619	1,247,797
Unsecured term loan	999,166	2.10	1,030,913	356,147	349,039	325,727	-
Hire purchase creditors	45,992	3.54	54,134	21,660	21,660	10,814	-
Bankers' acceptances	300,000	2.91 - 2.96	300,000	300,000	-	-	-
Onshore foreign currency loan	787,038	1.50 - 1.60	787,038	787,038	-	-	-
Revolving credit	1,619,800	1.45	1,619,800	1,619,800	-	-	-
Unsecured bank overdrafts	67,677	7.64	67,677	67,677	-	-	-
Advances from a shareholder	3,000,000	5.40	3,167,548	3,167,548	-	-	-
Trade and other payables	13,521,806	-	13,521,806	13,521,806	-	-	-
	36,508,485		37,933,098	24,378,451	4,413,690	7,893,160	1,247,797

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount	Contractual interest rate per annum	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
Non-derivative financial liabilities							
Company							
2021							
Hire purchase creditors	45,992	3.54	54,134	21,660	21,660	10,814	-
Trade and other payables	5,810,173	-	5,810,173	5,810,173	-	-	-
Financial guarantees	-	-	22,086,000	22,086,000	-	-	-
	5,856,165		27,950,307	27,917,833	21,660	10,814	-

30. Financial instruments (cont'd)

30.6 Market risk

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

30.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar, New Zealand Dollar and Japanese Yen.

Risk management objectives, policies and processes for managing the risk

The Group does not specifically hedge its exposure to foreign currency risk.

Exposure to foreign currency risk

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

	Denominated in		
	US Dollar	New Zealand Dollar	Japanese Yen
	RM	RM	RM
Group			
2022			
Balances recognised in the statement of financial position			
Trade receivables	209,882	3,482,422	-
Trade payables	(831,749)	(15,490)	(5,576,072)
Cash and cash equivalents	2,164,088	-	-
Loans and borrowings	(15,960,713)	-	-
	(14,418,492)	3,466,932	(5,576,072)
2021			
Balances recognised in the statement of financial position			
Trade receivables	3,064,495	1,960,768	-
Trade payables	(736,385)	-	(1,793,332)
Cash and cash equivalents	1,306,905	-	-
Loans and borrowings	(11,952,036)	-	-
	(8,317,021)	1,960,768	(1,793,332)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a Ringgit Malaysia (RM) functional currency.

A 5% (2021 : 5%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2022	**2021**
	RM	**RM**
Group		
US Dollar	547,903	316,047
New Zealand Dollar	(131,743)	(74,509)
Japanese Yen	211,891	68,147

A 5% (2021 : 5%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

30.6.2 Interest rate risk

The Group's and the Company's exposures to interest rate risk is confined to the fluctuations in interest rates on borrowings which vary with reference to the prime lending rate of the banks.

Risk management objectives, policies and processes for managing the risk

The Group and the Company borrow for operations at variable rates using their banking facilities, and use fixed rate hire purchase facility as well as the floating rate term loan to finance their capital expenditure. The Group and the Company also obtained advances from a major shareholder for which the financing cost is also essentially pegged against the bank's borrowing costs that varies according to the prime lending rate of an anchor bank.

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.2 Interest rate risk (cont'd)

Exposure to interest rate risk

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

	2022 RM	2021 RM
Group		
Fixed rate instruments		
Financial assets	5,893,846	12,822,870
Financial liabilities	(6,696,575)	(1,965,792)
	(802,729)	10,857,078
Floating rate instruments		
Financial liabilities	(20,681,514)	(21,020,887)
Company		
Fixed rate instruments		
Financial assets	213,150	2,056,570
Financial liabilities	(231,589)	(45,992)
	(18,439)	2,010,578

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(b) Cash flow sensitivity analysis for floating rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	Group	
	50 bp increase	50 bp decrease
	RM	RM
2022		
Floating rate instruments	(78,590)	78,590
2021		
Floating rate instruments	(79,879)	79,879

30. Financial instruments (cont'd)

30.7 Fair value information

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

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2022										
Group										
Financial assets										
Investment linked financial assets	768,045	-	-	768,045	-	-	-	-	768,045	768,045
Financial liabilities										
Term loans	-	-	-	-	-	-	20,681,514	20,681,514	20,681,514	20,681,514
Hire purchase creditors	-	-	-	-	-	-	467,175	467,175	467,175	467,175
	-	-	-	-	-	-	21,148,689	21,148,689	21,148,689	21,148,689
Company										
Financial liabilities										
Hire purchase creditors	-	-	-	-	-	-	231,589	231,589	231,589	231,589

30. Financial instruments (cont'd)

30.7 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2021										
Group										
Financial assets										
Investment linked financial assets	355,943	-	-	355,943	-	-	-	-	355,943	355,943
Financial liabilities										
Term loans	-	-	-	-	-	-	17,166,172	17,166,172	17,166,172	17,166,172
Hire purchase creditors	-	-	-	-	-	-	45,992	45,992	45,992	45,992
	-	-	-	-	-	-	17,212,164	17,212,164	17,212,164	17,212,164
Company										
Financial liabilities										
Hire purchase creditors	-	-	-	-	-	-	45,992	45,992	45,992	45,992

30. Financial instruments (cont'd)

30.7 Fair value information (cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair values of term loans and hire purchase liabilities are calculated using discounted cash flows based on the current market rate of borrowings.

31. Capital management

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

During the financial year, the Group's strategy which was unchanged from the previous financial year, was to maintain the debt-to-equity ratio at below 1.5 : 1. The debt-to-equity ratios at 28 February 2022 and 28 February 2021 were as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Total borrowings	27,378	22,987
Less : Cash and cash equivalents (Note 12)	(21,959)	(14,651)
Net debt	5,419	8,336
Total equity	184,953	175,008
Debt-to-equity ratio	0.03	0.05

There were no changes in the Group's approach to capital management during the financial year.

32. Significant event during the financial year

During the financial year ended 28 February 2022, the Company undertaken a proposed renounceable rights issue of 79,987,474 Irredeemable Convertible Preference Shares ("ICPS") at an issue price of RM0.10 per ICPS each on the basis of 1 ICPS for every 2 existing ordinary shares in the Company. The renounceable rights issue of 79,987,474 ICPS were traded from 9 February 2022 with 16 February 2022 as the date of cessation for trading of rights.

As at 28 February 2022, an aggregate amount of RM11,949,437 representing the subscriptions for ICPS allotted and application of excess ICPS accepted by 23 February 2022 was included in cash and cash equivalents, with a prepaid share reserve of RM7,998,747 recorded under the equity and RM3,950,690 classified under other payables on excess application of ICPS.

32. Significant event during the financial year (cont'd)

The ICPS amounted to RM7,998,747 were issued on 7 March 2022 and listed on 9 March 2022.

The main features of the ICPS are as follows :

(i) Tenure
5 years commencing from and inclusive of the date of issuance of the ICPS.

(ii) Dividend
The Company has full discretion over the declaration of dividends, if any. Dividends, if declared, shall be payable annually in arrears non-cumulatively.

(iii) Conversion period
The ICPS may be converted into new ordinary shares at the option of the ICPS holders at any time within 5 years commencing on and including the date of issue of the ICPS. Any remaining ICPS that is not converted by the expiry of the conversion period shall be automatically converted into new ordinary shares.

(iv) Conversion price
The ICPS can be converted into 1 new ordinary share at the conversion price of RM0.90.

33. Events subsequent to year end

33.1 On 31 May 2022, the Company acquired a wholly-owned subsidiary known as PGF Insulation Pty Ltd ("PGFI"), a company registered in Victoria, Australia for a total cash consideration of AUD100.

The intended principal activity of the subsidiary is sale and distribution of fibre glasswool and related products.

33.2 On 20 June 2022, the Company allotted 400,000 ordinary shares following the conversion of 400,000 ICPS together with a cash consideration of RM320,000.

STATEMENT BY DIRECTORS

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

PGF Capital Berhad
(formerly known as Poly Glass Fibre (M) Bhd.)
(Registration No. 197801005142 (42138 - X))
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 46 to 128 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 28 February 2022 and of their financial performance and cash flows for the financial year then ended.

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

……………………………………………
Fong Wern Sheng
Director

……………………………………………
Tan Ming Chong
Director

Penang,

Date : 20 June 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

PGF Capital Berhad
(formerly known as Poly Glass Fibre (M) Bhd.)
(Registration No. 197801005142 (42138 - X))
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to
Section 251(1)(b) of the Companies Act 2016

I, **Loo Chee Hin**, the officer primarily responsible for the financial management of PGF Capital Berhad *(formerly known as Poly Glass Fibre (M) Bhd.)*, do solemnly and sincerely declare that the financial statements set out on pages 46 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Loo Chee Hin, NRIC: 690316-07-5043, MIA CA11893, at George Town in the State of Penang on 20 June 2022.

…………………………………….
Loo Chee Hin
Chief Financial Officer

Before me :

Goh Suan Bee
(No.P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PGF CAPITAL BERHAD
(FORMERLY KNOWN AS POLY GLASS FIBRE (M) BHD.)
(REGISTRATION NO. 197801005142 (42138 - X))

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PGF Capital Berhad *(formerly known as Poly Glass Fibre (M) Bhd.)*, which comprise the statements of financial position as at 28 February 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 128.

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 28 February 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue recognition

Refer to Note 2(p)(i) *significant accounting policies – Revenue from contracts with customers* and Note 20 - Revenue.

The Group's revenue principally comprises income from the sale of fibre glasswool and its related products. Revenue from domestic and overseas sales is recognised at a point in time when the control of the goods is transferred to the customers, which is generally when the goods are delivered and accepted by the customers for domestic sales, or when the goods are loaded on board of shipping vessels for overseas sales in accordance with the terms of the sales contracts.

We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulating the timing of revenue recognition by management to meet specific targets or expectation.

How our audit addressed the key audit matter

Our audit procedures included, amongst others:

- Obtained an understanding of the design and implementation and assessed the operating effectiveness of management's key internal controls in relation to revenue recognition.
- Inspected customer contracts, on a sample basis, to identify performance obligations and terms and conditions relating to transfer of control of the goods and assessed the Group's timing of revenue recognition with reference to the requirements of the relevant accounting standard.
- Compared revenue transactions recorded during the year, on a sample basis, with sales contracts, invoices, relevant delivery documents and subsequent receipts to assess whether revenue was recognised in accordance with the relevant accounting standard.
- Compared on a sample basis, specific revenue transactions recorded before and after the financial year end with sales invoices and relevant delivery documents to assess whether revenue had been recognised in the correct financial year.
- Inspected underlying documentation for manual journal entries relating to revenue which were recorded during the year which met specific risk-based criteria.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lim Su Ling
Approval Number : 03098/12/2023 J
Chartered Accountant

Penang

Date : 20 June 2022

LIST OF PROPERTIES

TO THE MEMBERS OF PGF CAPITAL BERHAD

	Location/Address	Tenure	Area	Description		Age of Assets (Years)	Carrying amount RM'000	Date of Acquisition
1.	Plot 255, Mukim 1 Prai Industrial Estate Seberang Perai Tengah Pulau Pinang	Leasehold (60 years expiring 25.10.2044)	6,142 sq. metres	Office and Factory Building	)))			
2.	Plot 254, Mukim 1 Prai Industrial Estate Seberang Perai Tengah Pulau Pinang	Leasehold (60 years expiring 14.05.2039)	10,117 sq. metres	Office and Factory Building	)))	36	8,069	01-03-1992
3.	Plot 4710, Mukim 1 Prai Industrial Estate Seberang Perai Tengah Pulau Pinang	Leasehold (60 years expiring 06.03.2041)	19,806 sq. metres	Office and Factory Building		14	10,089	12-08-2008
4.	Plot 254(a) Prai Industrial Park Seberang Perai Tengah Pulau Pinang	Leasehold (60 years expiring 12.09.2077	2,549 sq. metres	Office and Factory Building		6	432	20-04-2016
5.	Unit No. A12A.01 Lot No. 491, Section 10 Town of Georgetown North East District of Penang	Freehold	1,908 sq. metres	Light Industrial Lot		9	5,420	28-03-1996
6.	Diamond Creeks Country Retreat Mukim Ulu Bernam Timur, Daerah Batang Padang, Perak	Leasehold (99 years expiring 04.07.2095)	5,306,034 sq. metres	Land held for future Development and completed properties held for sale		25	136,430	21-02-1997

* For additional details please refer to Note 9 of the financial statements

ANALYSIS OF SHAREHOLDINGS

AS AT 2 JUNE 2022

Total number of issued Shares	:	(i) 159,974,948 ordinary shares (ii) 79,987,474 Irredeemable Convertible Preference Shares
Class of Shares	:	Ordinary shares Irredeemable Convertible Preference Shares ("ICPS")
Voting Rights	:	(i) One vote per Ordinary Share (ii) The ICPS does not carry any voting right except in circumstances as set out in the Company's Constitution

DIRECTORS' SHAREHOLDINGS IN ORDINARY SHARES

Name	Direct	%	Deemed	%
Fong Wern Sheng	10,792,600	6.75	24,258,053[i]	15.16
Tan Ming Chong	61,000	0.04	-	-
Fong Wah Kai	6,782,200	4.24	78,056,900[i]	48.79
Sia Taik Hian	-	-	-	-
Omar Bin Mohamed Said	-	-	-	-
Khoo Kah Hock	-	-	-	-

Notes: -
(i) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 ("the Act")

CHIEF FINANCIAL OFFICER'S SHAREHOLDINGS IN ORDINARY SHARES

Name	Direct	%	Deemed	%
Loo Chee Hin	1,118,800	0.70	-	-

DIRECTORS' SHAREHOLDINGS IN ICPS

Name of Shareholders	Direct	% of Shares	Deemed	% of Shares
Fong Wern Sheng	5,398,700	6.75	18,626,225 [i]	23.29
Tan Ming Chong	50,500	0.06	-	-
Fong Wah Kai	3,399,400	4.25	39,028,450 [i]	48.79
Sia Taik Hian	-	-	-	-
Omar Bin Mohamed Said	-	-	-	-
Khoo Kah Hock	-	-	-	-

Notes: -
(i) Deemed interested by virtue of Section 8 (4) of the Act

CHIEF FINANCIAL OFFICER'S SHAREHOLDINGS IN ICPS

Name	Direct	%	Deemed	%
Loo Chee Hin	559,400	0.70	-	-

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 2 JUNE 2022

SUBSTANTIAL ORDINARY SHAREHOLDERS

Name of Shareholders	Direct	% of Shares	Deemed	% of Shares
Equaplus Sdn. Bhd.	78,056,900	48.79	-	-
Fong Wah Kai	6,782,200	4.24	78,056,900[(i)]	48.79
Green Cluster Sdn. Bhd.	24,323,053	15.20	-	-
Fong Wern Sheng	10,792,600	6.75	24,258,053[(i)]	15.16

Notes: -
(i) Deemed interested by virtue of Section 8(4) of the Act

DISTRIBUTION ORDINARY SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
75	Less than 100	1,165	0.00
1,414	100 to 1,000 shares	1,331,122	0.83
1,781	1,001 to 10,000 shares	6,772,212	4.23
252	10,001 to 100,000 shares	7,609,300	4.76
44	100,001 to less than 5% of issued shares	41,946,196	26.22
2	5% and above of issued shares	102,314,953	63.96
3,568	**TOTAL**	**159,974,948**	**100.00**

DISTRIBUTION OF SHAREHOLDINGS IN ICPS

No. of Holders	Size of Holdings	Total Holdings	%
8	Less than 100	399	0.00
85	100 to 1,000 shares	60,100	0.08
182	1,001 to 10,000 shares	697,600	0.87
65	10,001 to 100,000 shares	2,148,750	2.68
16	100,001 to less than 5% of issued shares	19,425,950	24.29
2	5% and above of issued shares	57,654,675	72.08
358	**TOTAL**	**79,987,474**	**100.00**

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 2 JUNE 2022

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Shareholder's Name	Shareholdings	%
1.	Equaplus Sdn. Bhd.	78,056,900	48.79
2.	Green Cluster Sdn. Bhd.	24,258,053	15.16
3.	Tan Seok Leng	7,124,600	4.45
4.	Maybank Nominees (Tempatan) Sdn. Bhd. Fong Wern Sheng	6,510,600	4.07
5.	Tan Chong Kheng	5,270,000	3.29
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Fong Wah Kai	4,440,600	2.78
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Wern Sheng	4,257,000	2.66
8.	Koh Chye Khim	3,056,496	1.91
9.	Fong Wah Kai	2,341,600	1.46
10.	Loo Chee Hin	1,118,800	0.70
11.	George Lee Sang Kian	790,000	0.49
12.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pleadged Securities Account For Gerald Nicholas Tan	523,400	0.33
13.	George Lee Sang Kian	490,000	0.31
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Lee Keng Fai	479,000	0.30
15.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account For Grance Cheah Yeong Sen (PNG)	300,000	0.19
16.	Lim Jin Chow	281,000	0.18
17.	Kow Chee Wooi	272,900	0.17
18.	Low Hing Noi	250,000	0.16
19.	Ooi Say Hup	249,200	0.16
20.	JF Apex Nominees (Tempatan) Sdm. Bhd. Pledged Securities Account For Wei Shin Dee (Margin)	235,300	0.15
21.	JF Apex Nominees (Tempatan) Sdm. Bhd. Pledged Securities Account For Wendy Lim Wei Yuan	225,000	0.14
22.	Foh Chong & Sons Sdn.Bhd.	207,400	0.13
23.	Kong Jit Chong	205,000	0.13
24.	Syarikat Perkapalan Soo Hup Seng Sdn.Bhd.	200,000	0.13
25.	Ooi Say Hup	189,000	0.12
26.	Tan Swee Leong	187,400	0.12
27.	Calvin Teoh Li Keng	181,100	0.11
28.	Tan Joon Yen	180,000	0.11
29.	Tan Say Fung	180,000	0.11
30.	Young N Successful Sdn. Bhd.	170,000	0.11

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 2 JUNE 2022

LIST OF THIRTY (30) LARGEST ICPS HOLDERS

	Shareholder's Name	Shareholdings	%
1.	Equaplus Sdn. Bhd.	39,028,450	48.79
2.	Green Cluster Sdn. Bhd.	18,626,225	23.29
3.	Tan Seok Leng	3,602,300	4.50
4.	Maybank Nominees (Tempatan) Sdn. Bhd. Fong Wern Sheng	3,255,300	4.07
5.	Tan Chong Kheng	2,635,000	3.29
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Fong Wah Kai	2,220,300	2.78
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Fong Wern Sheng	2,128,500	2.66
8.	Lim Poh Fong	1,989,300	2.49
9.	Fong Wah Kai	1,179,100	1.47
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a @ Chua Eng Wah	698,450	0.87
11.	Loo Chee Hin	559,400	0.70
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. For Kwong Jun Xin	305,000	0.38
13.	Tan Hooi Hwang	250,000	0.31
14.	Yew Sok Yee	150,400	0.19
15.	Low Hing Noi	125,000	0.16
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Roderick Lee Ka Won	122,200	0.15
17.	Huong Sien Meu	104,200	0.13
18.	Chua Kim Guan	101,500	0.13
19.	Vijaya Bharath A/L P.Ramasamy	100,000	0.13
20.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Mohd Nizamri Bin Jaapar	90,500	0.11
21.	Tan Joon Yen	90,000	0.11
22.	Tan Say Fung	90,000	0.11
23.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wei Shin Dee (Margin)	85,300	0.11
24.	Calvin Teoh Li Keng	80,550	0.10
25.	Syarikat Perkapalan Soo Hup Seng Sdn.Bhd.	75,000	0.09
26.	Teh Bee Gaik	75,000	0.09
27.	Tan Ah Lee	73,000	0.09
28.	Tan Ming Chong	50,500	0.06
29.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wendy Lim Wei Yuan (7001771)	50,000	0.06
30.	CGS-CIMB Nominees (Asing) Sdn. Bhd. Pledged Securities Account For Walter Wurtz	50,000	0.06

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting ("AGM") of the Company will be held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel Penang, No. 53, Persiaran Gurney, 10250 Penang on 29 July 2022 at 10.30 a.m. for the following purposes: -

AGENDA

ORDINARY BUSINESS

1. To receive the Company's Audited Financial Statements for the year ended 28 February 2022 together with the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with Article 88 of the Company's Constitution, and being eligible have offered themselves for re-election: -
   (a) Mr. Tan Ming Chong (Resolution 1)
   (b) Mr. Khoo Kah Hock (Resolution 2)
3. To approve the Directors' Fees of RM25,200 for the financial year ended 28 February 2022. (Resolution 3)
4. To approve the Directors' Other Benefits Payables up to an amount of RM8,250 from 30 July 2022 to the next AGM of the Company. (Resolution 4)
5. To re-appoint Messrs KPMG PLT as Auditors to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 5)

SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions with or without modifications: -

6. **Authority to Issue Shares Pursuant to the Companies Act 2016**
   "That, subject always to the Companies Act 2016 ("the Act") and the Constitution of the Company and approvals of the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant Governmental or regulatory authorities, where such approvals are necessary, the Directors be and are hereby given full authority, pursuant to 76 of the Act to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit, provided that the aggregate number of the shares to be issued pursuant to this resolution does not exceed twenty percentum (20%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM of the Company." (Resolution 6)
7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**
   (a) To retain Mr. Sia Taik Hian, who has served for more than nine (9) years as the Independent Non-Executive Director of the Company, pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance (the "Code"). (Resolution 7)
   (b) To retain En Omar Bin Mohamed Said, who has served for more than nine (9) years as the Independent Non-Executive Director of the Company, pursuant to Practice 5.3 of the Code. (Resolution 8)
   (c) Subject to passing of Ordinary Resolution 2, to retain Mr. Khoo Kah Hock, who has served for more than nine (9) years as the Independent Non-Executive Director of the Company, pursuant to Practice 5.3 of the Code. (Resolution 9)
8. To transact any other ordinary business for which due notice has been given in accordance with the Act.

NOTICE IS HEREBY GIVEN that for purpose of determining a member who shall be entitled to attend this 32nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 22 July 2022. Only a depositor whose name appears on the Record of Depositors as at 22 July 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

Ch'ng Lay Hoon
Company Secretary

Penang

30 June 2022

NOTES:

i) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend and vote in his place.

ii) Where a member appoints more than one (1) proxy [but not more than two (2)], the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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

iv) Where a member of the Company is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds.

v) All forms of proxy must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

Explanatory Note On Special Business

Ordinary Resolution 6
The proposed resolution is in relation to authority to allot shares pursuant to Section 76 of the Act, and if passed, will give a renewed mandate to the Directors of the Company, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total twenty per centum (20%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company ("General Mandate"). This General Mandate, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at the 31st AGM held on 19 November 2021 and which will lapse at the conclusion of the 32nd AGM.

At this juncture, there is no decision to issue new shares. However, should the need arise to issue new shares the General Mandate would avoid any delay and costs in convening a general meeting of the Company to specifically approve such issue of share. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an announcement in respect of the purpose and utilization of the proceeds arising from such issue.

Ordinary Resolutions 7, 8 & 9
The Board of Directors via the Nominating Committee assessed the independence of Mr. Sia Taik Hian, and En Omar Bin Mohamed Said and Mr. Khoo Kah Hock, who have served on the Board as Independent Non-Executive Directors of the Company for a cumulative of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Mr. Sia Taik Hian, En Omar Bin Mohamed Said and Mr. Khoo Kah Hock, based on the following justifications: -

(a) They have met the criteria the independence guidelines set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and therefore able to give independent opinion to the Board;
(b) Being Directors for more than nine (9) years have enabled them to contribute positively during deliberations/ discussions at meetings as they are familiar with the operations of the Company and possess tremendous knowledge of the Company's operations;
(c) They have the caliber, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; and
(d) They have contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Directors and carried out their fiduciary duties in the interest of the Company and minority shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

1) Save for re-election of the retiring Directors, there were no directors standing for election at the 32nd AGM.
2) The proposed Ordinary Resolution 6 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 19 November 2021.

PROXY FORM

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We, ____

Full name of a member in BLOCK LETTERS as per Identity Card("MYKAD")/Passport/Certificate of Incorporation)

MYKAD/Passport No./Company No. ______________________ of ______________________

____

(Address in full)

telephone no. ______________________ , being a member of PGF CAPTIAL BERHAD.

("the Company") hereby appoint ______________________

(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. ______________________ of ______________________

____

(Address in full)

And/or failing him ______________________

(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD/Passport No. ______________________ of ______________________

____

(Address in full)

or failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company, to be held at **Kelawai Room, Lobby Level, Evergreen Laurel Hotel Penang, No. 53, Persiaran Gurney, 10250 Penang on 29 July 2022 at 10.30 a.m.** and any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	**For**	**Against**
1.	Re-election of Mr. Tan Ming Chong as Director		
2.	Re-election of Mr. Khoo Kah Hock as Director		
3.	Approval of Directors' Fees & Other Benefits Payable for the financial year ended 28 February 2022		
4.	Approval of Directors Other Benefits Payable up to RM8,250.00		
5.	Re-appointment of Auditors		
6.	Approval for Directors to issue shares pursuant to Section 76 of the Companies Act 2016		
7.	Continuing in Office as Independent Non Executive Director for Mr. Sia Taik Hian		
8.	Continuing in Office as Independent Non Executive Director for En Omar Bin Mohamed Said		
9.	Continuing in Office as Independent Non-Executive Director for Mr. Khoo Kah Hock		

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this ______ day of ___________ 2022

The proportions of my/or holding to be represented by my/our proxies are as follows: -		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

____

Signature(s)/Common Seal of Member(s)

NOTES:

1. *A member entitled to attend and vote at this meeting may appoint more than one (1) proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
2. *If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.*
3. *Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.*
4. *To be valid, the duly completed form of proxy must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.*
5. *For the purpose of determining a member who shall be entitled to attend this 32ndAGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to issue a General Meeting Record of Depositors as at 22 July 2022. Only a depositor whose name appears on the Record of Depositors as at 22 July 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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Stamp

The Company Secretary

PGF Capital Berhad

(FORMERLY KNOWN AS POLY GRASS FIBRE (M) BHD.)

197801005142 (42138-X)

Suite 12-A, Level 12

Menara Northam

No. 55 Jalan Sultan Ahmad Shah

10050 Georgetown Penang

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PGF Capital Berhad

FORMERLY KNOWN AS POLY GRASS FIBRE (M) BHD.
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