

PENSONIC
Your Enjoyment

2021

Annual
Report

PENSONIC
Your Enjoyment

DELIGHTFUL RESULTS



Explore infinite possibilities of food preparation with Pensonic Electrical Home Appliances.

CORnell®

A SIMPLER LIFE



**Cornell Home Appliances, Designed To Make Your
Life A Breeze.**

LEBENSSTIL
KOLLEKTION

PRO- INSPIRED DESIGNS

Fire up creative
flair with Lebensstil Kollektion's
precise and powerful
home appliances.





Töush
Inspired by Pensonic

AUTOMATION IS LIFE



Enjoy endless automating flexibility with
Touch Smart Home Appliances.

EMBRACE
CREATIVITY



morphy richards

smart ideas for your home

Push the limits of culinary expression with Morphy Richards stylish, retro chic home appliances.

CONTENTS

Corporate Information	2	Statement of Proposed Renewal of Authority for The Company to Buy-Back Its Own Shares	37
Group Structure	3	Additional Compliance Information	44
Profile of Directors/Key Senior Management	4	Financial Statements	46
Message from Chairman	6	List of Properties owned by the Group	129
Management Discussion and Analysis	8	Analysis of Shareholdings	130
Corporate Governance Overview Statement	11	Analysis of Warrant Holdings	132
Audit Committee Report	24	Notice of Annual General Meeting	134
Statement on Risk Management and Internal Control	27	Statement Accompanying Notice of Annual General Meeting	137
Sustainability Reporting	30	Notice of Dividend Entitlement	138
		Administrative Guide	139
		Form of Proxy	Enclosed

A large, stylized graphic of the year '2021' in white outline font, set against a red background. The numbers are decorated with various colored rectangular bars and dots in shades of blue and yellow.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Group Executive Chairman

Chew Chuon Ghee, Vincent
Group Managing Director

Chew Chuon Jin, Dixon
Group Chief Executive Officer

Chew Chuon Fang, Nelson
Group Executive Director

Ong Huey Min, Lindy
Independent Non-Executive Director

Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Independent Non-Executive Director

Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain
Independent Non-Executive Director

AUDIT COMMITTEE

Ong Huey Min, Lindy, *Chairman*
Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim, *Member*
Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain, *Member*

NOMINATION COMMITTEE

Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim, *Chairman*
Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain, *Member*
Ong Huey Min, Lindy, *Member*

REMUNERATION COMMITTEE

Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain, *Chairman*
Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim, *Member*
Ong Huey Min, Lindy, *Member*

COMPANY SECRETARY

Ong Tze-En
MAICSA 7026537 | SSM PC No. 202008003397

REGISTERED OFFICE

170-09-01, Livingston Tower
Jalan Argyll, 10050 George Town
Pulau Pinang
T: +604 229 4390
F: +604 226 5860

PRINCIPAL OFFICE

1165 Lorong Perindustrian Bukit Minyak 16,
Taman Perindustrian Bukit Minyak,
14100 Simpang Ampat, Penang, Malaysia
T: +604 507 0393
F: +604 507 3825
E: info@pensonic.com
W: www.pensonic.com

REGISTRARS

Plantation Agencies Sdn Berhad
3rd Floor, No 2 Lebuhr Pantai,
10300 George Town, Penang, Malaysia
T: +604 262 5333
F: +604 262 2018
E: sharereg@plantationagencies.com.my

AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawai
10250 Penang, Malaysia
T: +604 238 2288
F: +604 238 2222

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 13 September 1995)
Stock Name : PENSONI
Stock Code : 9997

LEGAL FORM & DOMICILE

Public Limited Liability Company Incorporated and
Domiciled in Malaysia

CORPORATE STRUCTURE

PENSONIC®

HOLDINGS BERHAD ("PHB")
(Registration No: 199401014746/300426-P)



PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

Y. BHG. DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK

Aged 79, Male, Malaysian Group Executive Chairman / Key Senior Management

Y. Bhg. Dato' Seri Chew is the founder and Group Executive Chairman of Pensonic Group. He was appointed to the Board on 13 September 1995.

For more than five decades, his vision and stewardship have steered the Group from a small family business into the leading home-grown electrical home appliances manufacturer and distributor. His invaluable experience and broad-based knowledge in management to sales and production as well as his extensive network of business connections in Malaysia and overseas have been instrumental in sustaining the progressive growth of the Group. His innovative management style and foresight have greatly influenced numerous advancements and milestones achieved by the Group over the years.

He has attended all the five (5) Board meetings held during the financial year. He also sits on the board of subsidiaries as well as several private limited companies.

Dato' Seri Chew is the father of Dixon Chew, Vincent Chew and Nelson Chew, all executive Board members. He is a major shareholder by virtue of his interest through Chew Weng Khak Realty Sdn. Bhd..

CHEW CHUON GHEE, VINCENT

Aged 49, Male, Malaysian Group Managing Director / Key Senior Management

Vincent Chew joined the Board on 22 February 2002. He graduated from Eastern Michigan University in the United States of America with a Bachelor of Business Administration in 1995. Upon graduation, he joined the Group as Marketing Manager. Subsequently, his role was broadened to encompass manufacturing, operations, sales, IT, human resources, administration and finance.

He has proven to be an astute and capable leader and was promoted as Group Managing Director in 2014, in charge of the overall management of the Group with focus on both domestic and international market. He served as member of the Executive Committee to Branding Association Malaysia (BAM) from 2009 to 2012 and as the Vice President from 2012 to 2015. He has been serving as the Chairman of the Malaysian Electrical Appliances Distributors Association (MEADA) since 2015.

He has attended all the five (5) Board meetings held during the financial year. He also sits on the board of subsidiaries as well as several private limited companies.

He is a son of Dato' Seri Chew Weng Khak @ Chew Weng Kiak and the brother of Dixon Chew and Nelson Chew.

CHEW CHUON JIN, DIXON

Aged 52, Male, Malaysian Group Chief Executive Officer / Key Senior Management

Dixon Chew was appointed to the Board on 13 September 1995. He graduated from the National Cheng Chi University in Taiwan Republic of China with a Bachelor of Business Administration. He joined Pensonic Group in 1993 after a short stint in Lapro Corporation in Taiwan where he gained experience and knowledge on cutting edge manufacturing processes and marketing.

With his extensive experience in the electrical home appliances industry and excellent entrepreneurial skills, Dixon Chew has led the successful expansion of the Pensonic brand and products in many countries in Asia. He currently manages the export and ODM markets.

Dixon Chew also serves as President of the Hong Kong-Malaysia Business Association (HKMBA), a position he has held from 2014 to 2022 in recognition of his leadership and contribution to strong trade relations between these countries. The HKMBA is fully supported by the Hong Kong Trade Development Council.

He has attended all the five (5) Board meetings held during the financial year. He also sits on the board of subsidiaries as well as several private limited companies.

He is a son of Dato' Seri Chew Weng Khak @ Chew Weng Kiak and the brother of Vincent Chew and Nelson Chew.

CHEW CHUON FANG, NELSON

Aged 45, Male, Malaysian Group Executive Director / Key Senior Management

Nelson Chew joined the Board on 5 September 2017. He graduated from Eastern Michigan University in the United States of America with a Bachelor of Business Administration in 1999. Upon his return to Malaysia, he joined Pensonic Group and worked in various departments from marketing, production to sales to gain practical experience with increasing scope of responsibilities before embarking on his appointed role as corporate branding, public relations and marketing strategist. He currently oversees the marketing and quality assurance as well as operations of two (2) subsidiaries, namely Pensonic Parts & Service Sdn Bhd and Pensonic (H.K.) Corporation Limited.

He has attended five (5) Board meetings held during the financial year. He also sits on the board of subsidiaries as well as several private limited companies.

He is the son of Dato' Seri Chew Weng Khak @ Chew Weng Kiak and the brother of Dixon Chew and Vincent Chew.

PROFILE OF DIRECTORS / KEY SENIOR MANAGEMENT

(Cont'd)

ONG HUEY MIN, LINDY

Aged 63, Female,
Malaysian
Independent Non-Executive
Director

Lindy Ong was appointed to the Board on 3 January 2017. She is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Chartered Tax Institute of Malaysia (CTIM). Lindy Ong is the Chairman of Audit Committee and a member of Remuneration Committee and Nomination Committee.

She was with KPMG Malaysia for more than 35 years and was the Partner heading the Tax Division of KPMG Penang prior to her retirement on 31 December 2014. She has extensive experience in tax compliance and advisory throughout her career. She was the engagement partner for a wide range of companies which included public listed companies and multinationals in various industries, mainly in manufacturing, property development, construction and hotels. She has advised foreign investors on their initial setting up of operations in Malaysia including on the various tax incentives being promised by the Government.

She has attended all five (5) Board meetings held during the financial year.

Lindy Ong is currently a partner with YNWA Advisory PLT and also an Independent Non-Executive Director of Globetronics Technology Bhd.

Y. BHG. DATO' LELA PAHLAWAN DATO' PADUKA KU NAHAR BIN KU IBRAHIM

Age 74, Male, Malaysian,
Independent Non-Executive
Director

Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim was appointed to the Board on 16 August 2013. He graduated from the University of Malaya in 1970 with a BA (Hons) in Geography. After graduation, he served in various appointments with the Kedah State Administrative Service and was the State District Officer until 2001. He was Director of the Kedah State Economic Planning Unit and was the State Secretary of Kedah until July 2003. Thereafter, he served as Board member in several government controlled corporations.

He is the Chairman of Nomination Committee and a member of the Audit Committee and Remuneration Committee.

He has attended all five (5) Board meetings held during the financial year. He sits on the board of several private limited companies.

Y. BHG. DATO' TAHIR JALALUDDIN BIN HUSSAIN

Age 58, Male, Malaysian,
Independent Non-Executive
Director

Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain was appointed to the Board on 16 August 2013. He has over 23 years of extensive experience in business and corporate management as well as entrepreneurial activities. He was with Konsortium Perkapalan Berhad from 1985 to 1990. He was a Councillor of the Majlis Perbandaran Pulau Pinang from January 2011 to June 2013. He chairs the Remuneration Committee and is a member of both the Audit Committee and Nomination Committee

He has attended all five (5) Board meetings held during the financial year. He is also a Director on the Board of several private limited companies.

Note:

Save as disclosed, none of the Directors have:

- (a) any family relationship with any Directors and/or major shareholders of the Company;
- (b) any conflict of interest with the Company other than as disclosed in the notes to the financial statements;
- (c) held any other directorship in public companies;
- (d) any conviction for offences within the past 5 years other than traffic offences (if any); and
- (e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MESSAGE FROM CHAIRMAN

On behalf of the Board of Directors ("Board"), it is my pleasure to present to you the Annual Report and Financial Statements of our Group for the financial year ended 31 May 2021 ("FYE2021").

REVIEW OF FINANCIAL PERFORMANCE

For many of us, Year 2020 and 2021 are undeniably years like no other we have seen in our lifetime. 2020 and 2021 have marked the history as a tumultuous year as most major economies across the world practically came to a stand-still while governments over the world were engrossed for the most part of 2020 and 2021 in combating the spread of Coronavirus Disease 2019 ("COVID-19") pandemic which had severely affected lives and livelihood globally.

Meanwhile in Malaysia, our economy is certainly not spared from the devastating effects of this unprecedented shock brought by this pandemic. As reported by the Department of Statistics Malaysia, Malaysia's Gross Domestic Product ("GDP") contracted by 5.6% in 2020. This marked the first GDP decline since the Global Financial Crisis in 2009 and the biggest contraction since the 1998 Asian Financial Crisis.

The imposition of various Movement Control Order (MCO) in the country since 18 March 2020 until now to curb the outbreak of COVID-19 have affected our Group's business operations and some major transformations have been implemented.

Movement restrictions and the directive on work from home have generally brought higher demand to the sale of home appliances. With the quick thinking and right strategy from the Management, PENSONIC was able to record an improvement in the financial performance during this challenging period.

Against the backdrop of this highly challenging environment, I am pleased to report that our Group posted a profit before tax ("PBT") of RM17.2 million in FYE2021. The Group recorded total revenue of RM339.2 million in FYE2021 as compared to RM280.1 million in FYE2020.

A more in-depth review of our financial and operational performance will be reported under "Management Discussion and Analysis" of this Annual Report.

OPERATING ENVIRONMENT

On 5 August 2020, a fire incident occurred at the office cum service center belonging to its subsidiary, Pensonic Sales & Service Sdn. Bhd. in Petaling Jaya, Selangor ("PJ Office"). Sales operations were able to continue as usual but there were some hiccups with the after sales service due to shortage of some spare parts. This issue was rectified quickly. The incident did not cause any harm to persons or result in any known uncontrolled emissions.

The fire incident has resulted written off amount of RM2.6 million in the property, plant and equipment and RM0.5 million of inventory and spare parts. The Group has received the compensation from the insurance company and is submitting application to the relevant authority for the reconstruction project.

Other than this incident, globally as well as locally, businesses had to quickly adapt to the new norm brought on by the pandemic. Due to movement restrictions and to curb pandemic spread, people had to work from home and resorted to either ordering food online or cooking at home. This spurred people to invest in making their homes comfortable and eat healthy to maintain good immune system. Since our online store was already operating, it was a seamless switch from mostly offline to online sales.

The whole company embraced this new way of living and doing business by offering a myriad of sales campaigns that were splashed all across our social media and e-commerce platforms. These campaigns cater to the different group of customers. Management's quick action and swiftly executed strategies by the different departments synergistically resulted in continued, sustainable revenue throughout this period.

CORPORATE DEVELOPMENTS

The Company has on 18 September 2020 in the Extraordinary General Meeting, proposed to seek the approval from the shareholders of PHB to enable the Company to purchase and/or hold from time to time and at any time up to ten per centum (10%) of the total issued shares of the Company at the point of purchase.

As at 31 May 2021, the Company has purchased 3,242,600 number of shares (2.5%) at the price ranging from RM0.4250 to RM0.8350.



MESSAGE FROM CHAIRMAN

(Cont'd)

LOOKING AHEAD

Going forward, the recent vaccine rollouts have raised hopes of a turnaround in the pandemic in the later part of 2021. The group is optimistic and prepared to further strengthen our brands' presence and command higher market share when the economy is fully recovered.

As of 31 August 2021, 95% of our workforce has been vaccinated. We ensure a safe environment in the workplace as well as safe services provided to our consumers. We make sure SOP of COVID-19 Prevention & Control are strictly followed.

The Group will continue its penetration on the e-commerce platforms and its efforts to foster new customers' relationships, enhance its supply chain management, productivity and cost management to mitigate the increase in material cost and shipping cost. Given that the National Recovery Plan is underway, the Group is optimistic and prepared to further strengthen its brand presence and market share when the market is opening up.

DIVIDEND

During FYE2021, the Group paid an interim dividend of 1.25 sen per ordinary share totaling approximately RM1.6 million in respect of the financial year ended 31 May 2021 on 15 March 2021. The Group also announce a final dividend of 1 sen per ordinary share which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

The Group does not have any formal dividend policy. However, the Board will strive to deliver favourable results and reward its shareholder for the continuing support.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my utmost and sincere appreciation to our shareholders, customers as well as business partners and associates for their continued support of our business and maintaining trust in the Group. My heartfelt appreciation is also extended to all Pensonic management and employees for their commitment and dedication to deliver results and bring the Group to greater heights of success. Lastly, I take this opportunity to thank my fellow Board members for their support, guidance and counsel. Let's work together for the betterment of the Group going forward.

Take care and stay safe!

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Group Executive Chairman
22 September 2021



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Pensonic Group was founded in 1965 as Keat Radio and Electrical Co. in Balik Pulau, Penang. From this humble origin as a small retailer cum workshop for electrical home appliances, Keat Radio and Electrical Co. grew under the leadership of its founder, Dato' Seri Chew Weng Khak into the present-day conglomerate.

The unique and easily remembered name 'Pensonic' was the brainchild of its founder Dato' Seri Chew Weng Khak who coined the word based on special sentiment and personal meaning. 'Pensonic' has always been a topic of conjecture as it is an amalgam of two words, 'Penang' and 'Sonic', hence resulting in 'Pensonic'!

In 1994, Pensonic Holdings Berhad was incorporated as an investment holding company to consolidate the various companies under the Pensonic Group and as the vehicle for its public listing. On 18 December 1995, Pensonic Holdings Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad.

Today, Pensonic has a vast domestic distribution network of 7 branches and more than 900 dealers countrywide with over 1,200 points of sales and hundreds of resellers online. Pensonic products are exported to countries in ASEAN, East and West Asia, and Middle-East, supported by a complete host of manufacturing facilities, warehouses, showrooms and customer care centers.

Through its strong distribution network, the Pensonic Group has adopted a multi-brand platform to cater for different product categories and market segments. With **Pensonic** as its core brand, the Pensonic Group also owns the **Lebensstil Kollektion** from Germany and acquired **Cornell** from USA. The Pensonic Group holds the sole distributorship rights in Malaysia for internationally renowned home appliances brands **Belling** and **Morphy Richards** of United Kingdom.

PENSONIC
Your Enjoyment

CORNELL
a simpler life

LEBENSSTIL
KOLLEKTION

Töush
Inspired by Pensonic

morphy richards
smart ideas for your home

belling
INSIDE EVERY GREAT HOME

Step into a new era of living, Pensonic introduced **Toush**, a new smart IoT appliances series. Toush signifies touching, sensing, exploring and experiencing life in delightful ways. Designed as intuitive appliances that sense and respond to the user, these appliances connect, automate, quantify, optimise energy and resources, giving consumers more savings while fitting seamlessly into modern lifestyles. In this series, all the appliances are Wi-Fi enabled, can be remotely controlled using the Toush App and voice control with Google Home.

CORPORATE DEVELOPMENT

The Group has submitted the strike off application of Microtag Engineering Sdn. Bhd. on 16 June 2020 and the strike off application of Angkasa Pensonic Trading Sdn. Bhd, on 8 October 2020, in relation to Section 550 of the Companies Act 2016. The strike-off is in line with our strategy to voluntarily reduce the number of dormant entities that no longer serve our current operational needs and by such action, we are also able to avoid future recurring costs of maintaining such dormant entities.

Prior to the Pandemic, each brand was distributed by different team in each trading company. The Group has since May 2020 decided to consolidate all sales into one single trading company, right-sized its workforce as well as streamlining and digitizing operational activities for a leaner structure to better respond to changing business landscape. Both Cornell Sales & Service Sdn. Bhd. and Kollektion Distribution Sdn. Bhd. have transferred their businesses to Pensonic Sales & Service Sdn. Bhd during the financial year.

OBJECTIVES AND STRATEGIES

Pensonic's main objective is to deliver appliances that enrich our customer's lifestyles. We offer a wide range of conventional as well as smart home appliances that incorporate comfort, safety and useful innovation to support the different needs of our customers.

Pensonic's six brands, that were previously managed separately, were consolidated under one roof in 2020. Pensonic, Cornell, Lebensstil Kollektion, Morphy Richards and Belling offered conventional range of home appliances, while Toush is focused on smart home appliances.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

OBJECTIVES AND STRATEGIES (Cont'd)

Today, to complement the consolidation of all the brands, Pensonic aptly introduced the 'Circlez App'. The Circlez App unites all the brands under one platform to provide effortless warranty registrations, seamless warranty information tracing, timely customer and service support, easy online shopping, and access to ample shopping rewards and updates on latest deals. Circlez Facebook is a one stop center for all brands where promotions, contests, live streaming and other interesting online activities will be posted. In the near future, Circlez App will be extended regionally with Brunei and Singapore, first in the pipeline, to launch the similar app services.

The pandemic drastically changed the way businesses are conducted. Businesses had to adapt quickly or lose their market share. Movement restrictions necessitated change from offline shopping to online, from attractive shop windows to online promotion banners.

People who were confined to their homes, were looking for solutions to make their home more comfortable and lives more convenient. People started to cook at home to prevent spread of the pandemic, keep their immune system strong and to save money, creating a need for adequate kitchen appliances for the home chef.

Business operations were quickly focused to support the increase in online sales from platforms such as Shopee, Lazada and our own online estores, helping Pensonic to generate sustainable revenue during the pandemic. We also had many activities such as live Facebook Streaming and contests to capture a bigger customer mindshare and market share.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS

	FYE2020 (RM'000)	FYE2021 (RM'000)	Changes (RM'000)	%
Revenue	280,071	339,159	59,088	21.10
Profit before tax	3,103	17,201	14,098	454.33
Profit for the year	2,562	15,482	12,920	504.29
Profit for the year attributable to owners of the Company	2,882	15,819	12,937	448.89

For the financial year ended 31 May 2021 ("FYE2021"), the Group revenue was RM339.2 million, representing an increase of 21% over the previous year performance of RM280.1 million. The higher sales were mainly due to higher demand of home appliances in line with the work from home, stay at home directives.

In FYE2021, the Group recorded a profit of RM17.2 million, as compared to RM3.1 million in the previous year. The significant increase was in tandem of the higher revenue and the implementation of the cost rationalisation exercise across all business activities.

	FYE2020 (RM'000)	FYE2021 (RM'000)	Changes (RM'000)	%
Total assets	258,328	281,373	23,045	8.92
Non-Current assets	127,410	122,311	(5,099)	(4.00)
Current assets	130,918	159,062	28,144	21.50
Borrowings	92,214	81,597	(10,617)	(11.51)

The Group's non-current assets reduced to RM122.3 million (FYE2020: RM127.4 million) with the write off those property, plant and equipment damaged in a fire incident in August 2020 of RM2.6m. The Group has received the compensation for the loss from the insurance company as at the date of this report.

The current assets of the Group totaled RM159.0 million (FYE2020: RM130.9 million) with the increase in the inventory to serve the customers better. Effective inventory management has helped to reduce inventory turnover days to 76 days from 90 days reported in last financial year. The turnover days for trade and other receivables reduced to 68 days from 82 days previously due to stricter debtor collection policy. There were projects being delayed due to shortage of supplies during the financial year due to the Movement Control. The ongoing materials shortage and cost escalation, containers shortage and freight cost hike, will not cause major impact to the group as we have prepared ahead with higher inventory and ready for distribution when the market reopens.

The Group's total liabilities increased to RM151.5 million (FYE2020: RM139.8 million) mainly due to purchases which increased trade and other payables during the year under review. The Group's borrowings also reduced by RM10.6 million to RM81.6 million resulting in improved gearing ratio of 0.46 (FYE2020: 0.56). Net assets per share improved to RM1.00.



MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

ANTICIPATED OR KNOWN RISKS

Pandemic risk

After a year since the COVID-19 was first discovered in late December 2019, and the higher population vaccination rate, the group foresees a more stable control of the pandemic and gradual recovery in domestic demand. Thus, we will continue to focus on the safety and health of our employees and customers alike while we continue to take prudent measures in managing our cash flow to ensure our resiliency to face this crisis as it continues.

Foreign currency exchange risk

The Group is exposed to fluctuations in foreign currencies as cost of raw material and imported goods are denominated in foreign currencies. As such, fluctuations could have material effects to the costing of our products. As counter-measure, the Group deploys natural hedging for its sales and purchases denominated in USD to mitigate any adverse impact from foreign currency exchange. The Finance department closely monitors the movements in foreign currency rates.

Credit risk

The normal credit terms granted by the Group for trade receivables range from 30 to 90 days. Any significant delay or default in payment by our major customers could result in impairment being put through for credit losses which in turn, would adversely affect our financial position and results. Credit terms and limits are evaluated every 6 months while ageing reports are reviewed monthly to identify slow paying customers for actions to be taken for recovery and provisions, if necessary.

Downtime risk

From operational perspective, our Manufacturing Division is exposed to downtime risk. This risk could occur in the unlikely event of a fire, flood, power outage, workers on strike or machinery breakdown, and the COVID-19 positive cases if any, thus resulting in production and delivery delays as well as reputational damage to the Group. Our Manufacturing Division has been practicing strict COVID-19 Prevention SOP since the pandemic and operators are going through self-test monitoring according to government regulations.

PROSPECT AND OUTLOOK

The Group expects to perform well for the next financial year, primarily driven by the demand for electrical home appliances amidst the national vaccination rate and recovery plan. The COVID-19 pandemic has also created a new normal for the world where people tend to stay at home more. Cooking at home and online shopping will be the trend to stay until the pandemic is over and beyond.

The Group will employ focused strategy in online marketing to increase our e-commerce brands presence with the convenience of Circlez App to reach the target consumers. We will also continue to embark on cost reduction and rationalisation exercises as well as improving operational efficiency and growing its regional business.

PENSONIC
Your Enjoyment
**DELIGHTFUL
RESULTS**



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Pensonic Holdings Berhad (“PHB” or “the Company”) is committed to ensuring that good corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities and for the purpose of safeguarding the interest of its shareholders and stakeholders as well as the assets of the Company and its subsidiaries (“the Group”).

Following the introduction of the Malaysian Code on Corporate Governance (“Code”) by the Securities Commission in 2017, the Board recognises the growing level of expectation by regulators and stakeholders for increased corporate governance and, accordingly has taken necessary steps to ensure strong governance practices are adopted throughout the Group.

The ensuing paragraphs in this Corporate Governance Overview Statement (“Overview Statement”) describing the extent of how the Group has applied and complied with the Principles and Practices of the Code for the financial year ended 31 May 2021 (“FYE2021”) and up to the date of this Overview Statement. This Overview Statement is made pursuant to paragraph 15.25(1) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) with guidance drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Berhad.

The detailed application for each Practice as set out in the Code is disclosed in the Corporate Governance Report (“CG Report”) which is available on the corporate website: www.pensonic.com and through an announcement on the website of Bursa Securities. The CG Report is based on a prescribed format as outlined under para 15.25(2) of the MMLR of Bursa Securities.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Part I Board Responsibilities

1 Board’s Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board leads and controls the Group. As a collective body, the Board assumes the overall responsibility for the Group: determining strategic direction, overseeing the proper conduct of the Group’s business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, developing investor relations programme, reviewing the adequacy and integrity of the Group’s internal control systems and Management information systems.

As part of the initiative to ensure effective discharge of its leadership role, specific powers are delegated by the Board to the Board Committees, the Managing Director and the Management as outlined in the Board Charter.

The Board Committees refers to the Audit Committee, Remuneration Committee and Nomination Committee. These Committees are entrusted with the responsibility to oversee specific aspects of the Group’s affairs in accordance with their respective terms of reference (“TOR”) as approved by the Board, with the aim of improvement in operational and general management efficiencies. The decision on whether to act on recommendations by Board Committees lies with the Board. The TOR of the Board Committees are published on the corporate website at www.pensonic.com.

Notwithstanding the delegation of specific powers, the Board retains full responsibility for the direction and control of the Company and the Group. The ultimate responsibility for decision-making on all matters lies with the Board. The roles and responsibilities of the Board are clearly set out in the Board Charter and is available on the Company’s website at www.pensonic.com.

The Board has approved the Annual Plan from the Management, review of market ecosystem, industry direction and strategies to drive growth. In reviewing the Annual Plan, the Board members had a robust discussion with the executive Board members (representing Management) on their perspectives and assumptions in formulating the Annual Plan. This practice is part of the overall improvement plan going forward for better governance. The drive for excellence throughout the Group is driven by tone from the top as enshrined in the Group’s Core Values, Mission and Vision Statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part I Board Responsibilities (Cont'd)

1 Board's Leadership on Objectives and Goals (Cont'd)

1.2 Chairman of the Board

The Chairman, who holds an executive position, provides leadership and governance on the Board in discharging responsibilities for the business and affairs of the Group and its oversight of Management in order to create a conducive environment geared towards building and growing Directors' oversight and effectiveness and ensure that appropriate issues are discussed by the Board in a timely and congenial manner.

The Chairman's responsibilities encompass the following:

- Leading the Board in its responsibilities for the business affairs of the Group and its oversight of Management.
- Overseeing the Board in the effective discharge of its supervisory role and ensuring adequacy and integrity of the governance process and issues.
- The efficient organisation and conduct of the Board's function and meetings and setting of the Board meeting agenda.
- Facilitating the effective contribution of all Directors as well as promotion of constructive and respectful relations amongst Board members and between Board and Management.

The Chairman also ensures that no member dominates discussion and that appropriate discussions takes place and that relevant opinions among Board members is forthcoming. Other roles of the Chairman include maintaining regular and close dialogue with the Group Managing Director ("GMD") over operational matters and seek opinion of fellow Board members over any matters that give cause for major concerns.

1.3 Separation of the position of Chairman and the Managing Director

The Board has always made the distinction that the position of the Chairman and the GMD does not reside with the same person to ensure organisational check and balance for better governance. There is a clear and separate division of responsibility in the roles and duties of the Chairman and GMD.

The GMD leads Management and is responsible for the day-to-day business and operational management of the Group. The GMD has overall responsibilities over the daily conduct of operating units, human resource management with respect to key positions in the Group's hierarchy, financial management and business affairs as well as organisational effectiveness and implementation of Board policies and decisions.

The GMD also ensures that the Group's corporate identity, products and services are of high standard and reflective of market environment, business practices are in compliance with governmental regulations. At each scheduled Board meeting, the GMD briefed on the performance and activities of the Group and specific proposals for capital expenditure, acquisition and disposals, if any.

1.4 Qualified and competent Company Secretary

The Company Secretary is competent, qualified and capable of providing the needful support to the Board in discharging its fiduciary duties. The Constitution of the Company provides that removal of the Company Secretary is a matter for the Board as a whole.

The Company Secretary, or her assistant, is present at all meetings to record deliberation, issues discussed and conclusions in discharging her duties and responsibilities and also provide advice in relation to relevant guides and legislations.

Other roles of the Company Secretary include coordinating the preparation of Board papers with Management, ensure Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving regulatory requirements.

1.5 Access to information and advice

The Board has unhindered access to the advice and services of the Company Secretary who is responsible for ensuring that all Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also act as the Company Secretary for all the Board Committees.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part I Board Responsibilities (Cont'd)

1 Board's Leadership on Objectives and Goals (Cont'd)

1.5 Access to information and advice (Cont'd)

All Directors also have access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities. Minutes are prepared for all Board and Board Committees' proceedings, circulated to the Board and/or Board Committee Members and will be confirmed and signed by the respective Chairman. The minutes will then be tabled at the subsequent meetings for notation.

The Board, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, if so required in furtherance of their duty, at the Group's expense.

The Board of Directors is satisfied that it is supplied, on a timely basis, information in a form and of quality sufficient to enable the Board to discharge its duties. The said information includes, amongst others, the performance report of the Group and major operational, financial and corporate issues. The meeting agenda and meeting papers for consideration are distributed in advance before each meeting to ensure that Directors have sufficient time to study them, be properly prepared for discussion and decision-making and/or solicit further explanation and information, where necessary so that deliberation at Board meetings are focused and constructive.

2. Demarcation of responsibilities

2.1 Board Charter

The Board Charter provides reference for Directors in relation to the Board's role, powers, duties and functions. The Board Charter of PHB which is published on PHB's website outlines the following:

- Objectives of the Board
- Role of the Board
- Board structure and processes
- Representation of the Company
- Remuneration of Directors
- Company's Constitution and Management's limits

The Board Charter and TOR and other policies will be reviewed from time to time to ensure its relevance.

3 Good business conduct and corporate culture

3.1 Code of Ethics & Conduct

The Core Values of Enjoyment, Caring, Innovative, Trustworthy and Leadership as observed by all our people from Directors down to employees as integral elements towards achieving wholesome sustainability in the long run.

There is in place the Employee Handbook to guide the desired standard of behavior from all staffs. The Employee Handbook covers, among others, general employment terms and conditions, compensation and benefits, proprietary information and sexual harassment.

The Board formalized Code of Conduct and Code of Ethics to provide direction, reflect the Board's commitment and underscored tone from the top for proper ethical behaviour expected of the Directors, Management and staff and compliance with applicable laws and regulations.

These codes provide guidance to all so that right choices can be made in response to any ethical dilemmas in daily work.

Adherence to the Core Values of Enjoyment, Caring, Innovative, Trustworthy and Leader together with the aforesaid code shine the path to achieving the Group' business goals in an open, honest, ethical and principled manner.

In addition, the Board had on 29 May 2020 adopted an Anti-Bribery Corruption Policy. The Anti-Bribery and Corruption Policy is intended to provide the Directors, officers, employees and third parties with a guide on how to prevent and detect bribery and corruption. The Anti-Bribery Corruption Policy is published on the corporate website at www.pensonic.com.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part I Board Responsibilities (Cont'd)

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

3.2 Whistleblowing policy

The Company has in place a Whistleblowing Policy. All malpractices or wrongdoings reported by the whistleblower are to be directed to the Chairman of the Audit Committee. The Whistleblowing Policy is published on the corporate website at www.pensonic.com.

Part II Board Composition

4 Board objectivity

4.1 Board composition

The Board presently comprised of seven (7) members with the composition as outlined below:

Directorate	Director(s)
Executive	Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Group Executive Chairman Chew Chuon Ghee, Group Managing Director Chew Chuon Jin, Group Chief Executive Officer Chew Chuon Fang, Executive Director
Independent Non-Executive	Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim Dato' Tahir Jalaluddin Bin Hussain Ong Huey Min, Lindy

Brief profile of each Director is detailed under Profile of Directors in this Annual Report. As all concerns regarding the Group can be conveyed to any one of the Directors and will be deliberated by all Directors during Board meetings (if so deemed necessary), there is no immediate need to consider the appointment of a Senior Independent Non-Executive Director ("INED").

The Board is in compliance with Chapter 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.

The concept of independence as adopted by the Board is consistent with definition of INEDs outlined in para 1.01 and Practice Note 13 of the MMLR. The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and the Group.

The Board is mindful that the Board does not comprise at least half of INEDs, but based on the annual Board performance assessment carried out, the Board is satisfied with the current composition and is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinion and viewpoints.

Further, the current composition of the Board Committees, made up of only INEDs affirmed the Board's commitment towards independence and provide strong check and balance in the Board's governance function.

Therefore, the lack of the necessary number of INEDs does not jeopardise the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group. Nonetheless, the Board will address Board succession planning going forward to ensure that INEDs form 50% of Board composition.

4.2 Tenure of Independent Director

The Board is mindful of the recommendation of the Code for the tenure of an INED not to exceed a cumulative or consecutive term of nine (9) years. However, an INED who had exceeded the prescribed nine (9) years may continue to serve in the Board subject to re-designation as Non-INED. As at to-date, none of the INEDs have served on the Board for a cumulative or consecutive term of nine (9) years.

The INEDs do not participate in daily management of the Group. During meetings, the INEDs participate fully during deliberations and fulfill crucial role in corporate accountability by providing independent, impartial, unbiased and objective views, opinions, advice and judgement in the evaluation of various issues on strategies, performance and resources.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part II Board Composition (Cont'd)

4 Board objectivity (Cont'd)

4.3 Policy on Tenure of Independent Director

The Board Charter provides that the tenure of its INEDs shall be nine (9) years. In the event the Board intends to retain a Director as INED after the latter has served a cumulative/consecutive term of nine (9) years, the Board will justify the decision and seek shareholders' approval at the annual general meeting ("AGM").

4.4 Diverse Board and Senior Management team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

The Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as general management and operations, commercial, finance and accounting, corporate affairs, manufacturing, sales and marketing, business, tax, product development, shipping and logistics.

4.5 Gender diversity

One (1) out of the seven (7) Directors is a female, which testifies to the Group's commitment on gender diversity.

Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Nomination Committee and the Board will consider gender diversity as part of its future selection process and will look into increasing female board representation going forward.

4.6 Nomination Committee

The Nomination Committee, comprised solely of INEDs and its present composition is as follows:

Chairman	Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Members	Dato' Tahir Jalaluddin Bin Hussain Ong Huey Min, Lindy

The Nomination Committee would meet at least once (1) annually with additional meetings convened on as and when needed basis.

The Nomination Committee's key duties encompassed the following:

- Make recommendations to the Board on nominees to the Board and Board Committees with due consideration for their skills set, knowledge, education, qualities, expertise and experience; professionalism; integrity, time commitment, contribution, board room diversity and other factors that will best qualify a nominee to serve on the Board; and for the position of INEDs, the ability to discharge such responsibilities/functions as expected;
- To assist the Board to review regularly the Board structure, size and composition and the which Non-Executive Directors should bring to the Board;
- Assess the effectiveness of the Board, Board Committees and the contributions of each individual Director, including the independence of INEDs, as well as the Group Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO") (where these positions are not Board members), based on the criteria process and procedures laid out by the Board; and to provide the necessary feedback to the Board. The criteria would include, among others, required mix of skills and experience and other qualities including core competencies. All assessments and evaluations carried out are documented;
- To recommend to the Board, Directors who are retiring by rotation to be put forward for re-election;
- To evaluate training needs for Directors annually; and
- To arrange induction programmes for newly appointed Directors to familiarize themselves with the operations of the Group through briefings by the GMD.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part II Board Composition (Cont'd)

4 Board objectivity (Cont'd)

4.6 Nomination Committee (Cont'd)

During the year under review, key activities undertaken by the Nomination Committee are summarised as follows:

- (a) Reviewed the composition, mix of skills and experience and other qualities, including core competencies as well as contribution of each individual Director and the effectiveness of the Board as a whole and the Board Committees as well as contribution of each individual Director.
- (b) Reviewed the level of independence of the INEDs.
- (c) Discussed the character, experience, integrity and competence of the Directors, chief executive or chief financial officer and to ensure they have the time to discharge their respective roles.
- (d) Discussed and recommended the re-election of Directors at AGM.
- (e) Reviewed the term of office and performance of the Audit Committee and its members pursuant to Para 15.20 of the MMLR.
- (f) Conducted annual assessment on Board, Board Committees and Individual Directors.

5 Overall Board Effectiveness

5.1 Overall effectiveness of the Board and individual Directors

The Constitution of the Company provides that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their election. A retiring Director is eligible for re-election and shall act as Director throughout the meeting at which he retires. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

The director who is subject to re-election and/or re-appointment at next AGM is assessed by the Nomination Committee before recommendation is made to the Board and shareholders for re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee is based on the annual assessment conducted.

The Company Secretary will ensure that all appointments are properly effected with the necessary legal and regulatory obligations duly met.

The Company has in place a Directors' Assessment Policy which sets out the criteria for the Board assessment. The assessment includes amongst others, whether there is a right mix of skills and experience, frequency and conduct of board meetings, effectiveness of Chairman, Board and Board Committees and independence of the INEDs.

The Board of Directors meets at least five (5) times a year with additional meetings convened as necessary. During the FYE2021, five (5) Board meetings were held where the Board deliberated upon and considered a variety of matters including the Group's quarterly operations and financial results, major investments and strategic decisions, implementation of investment policy, business plan and any other strategic issues that may affect the Group's businesses.

In the intervals between Board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making. As a mean to facilitate Directors' planning and time management, an annual meeting calendar is prepared and given to Directors before the beginning of each new financial year.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part II Board Composition (Cont'd)

5 Overall Board Effectiveness (Cont'd)

5.1 Overall effectiveness of the Board and individual Directors (Cont'd)

The listing of the Board members and their attendance at Board and Board Committees' meetings held during the financial year under review are as tabulated below:

Director(s)	Board	Audit Committee	Nomination Committee	Remuneration Committee
Dato' Seri Chew Weng Khak @ Chew Weng Kiak Group Executive Chairman	5/5	-	-	-
Chew Chuon Ghee, Vincent Group Managing Director	5/5	-	-	-
Chew Chuon Jin, Dixon Group Chief Executive Officer	5/5	-	-	-
Chew Chuon Fang, Nelson Executive Director	5/5	-	-	-
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim Independent Non-Executive Director	5/5	5/5	1/1	1/1
Dato' Tahir Jalaluddin Bin Hussain Independent Non-Executive Director	5/5	5/5	1/1	1/1
Ong Huey Min, Lindy Independent Non-Executive Director	5/5	5/5	1/1	1/1

Board meetings are planned ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda.

Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda to facilitate informed decision-making.

The Board is satisfied with the time commitment by the Directors given full attendance by all Directors at all meetings convened. All of the Directors do not hold more than 5 directorships as required under paragraph 15.06 of the MMLR of Bursa Securities. The Board members will notify the Board or the Chairman upon acceptance of new Directorship in other public listed companies.

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. As at the date of this Overview Statement, all the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP").

The Directors will continue to attend various seminars and training programmes necessary to enhance and keep abreast with relevant changes, development and updates affecting industries that the Group operates in as well as regulatory requirements. The Directors are regularly updated by the Company Secretary on any changes to new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part II Board Composition (Cont'd)

5 Overall Board Effectiveness (Cont'd)

5.1 Overall effectiveness of the Board and individual Directors (Cont'd)

The training attended by the Directors during the financial year under review is as follows:

Director(s)	Seminar / Workshop / Course	Date
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	Corporate Liability under MACC Act	30 November 2020
Chew Chuon Ghee, Vincent	Bursa Thematic Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009: The Essential Steps	2 July 2020
	How to Create Innovation and Build a Global Brand	16 July 2020
	FMM Business Best Practices Webinar - Consumer Buying Behaviour Now and Beyond COVID-19	16 July 2020
	Corporate Liability under MACC Act	30 November 2020
Chew Chuon Jin, Dixon	See you online at the StartmeupHK Festival 2020	30 June 2020
	Corporate Liability under MACC Act	30 November 2020
Chew Chuon Fang, Nelson	FMM Business Best Practices Webinar - Consumer Buying Behaviour Now and Beyond COVID-19	16 July 2020
	How to Create Disruptive Innovation and How To Build a Global Brand with Jonas Kjellberg, Co-Creator of Skype	16 July 2020
	Corporate Liability under MACC Act	30 November 2020
Ong Huey Min, Lindy	National Tax Conference 2020	25 - 26 August 2020
	Recent Tax Developments & Tax Measures post COVID-19 MCO period	1 October 2020
	Captains' Forum : Transformation towards recovery - Operational resilience	9 October 2020
	Captains' Forum : Transformation towards recovery - Technology & Data	19 October 2020
	Arm's Length Conditions in the "New Norm"	20 October 2020
	Fraud Risk Management workshop	3 November 2020
	Governance Symposium 2020	9 - 10 November 2020
	Corporate Liability under MACC Act	30 November 2020
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim	Corporate Liability under MACC Act	30 November 2020
Dato' Tahir Jalaluddin Bin Hussain	Corporate Liability under MACC Act	30 November 2020
	Asia-Pacific Board Leadership Centre Board and Audit Committee Priorities 2021	7 May 2021

The Board had, through the Nomination Committee, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the Nomination Committee had recommended for training to improve financial literacy and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of Companies Act 2016 and other related laws.

The Company facilitates the organisation of training programs for Directors and maintain a record of the trainings attended by the Directors.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part III Remuneration

6 Level and composition of Remuneration

6.1 Remuneration Policy

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the Group effectively. In the case of the Executive Director, the components of the remuneration package are linked to individual and corporate performance. As for Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities and the onerous challenges in discharging their fiduciary duties.

The Remuneration Committee met one (1) time during the year to consider the remuneration package for the Executive Director as well as Directors' fees and benefits payable for the Non-Executive Directors.

The Directors' fees and benefits payable to the Non-Executive Directors are reviewed annually. The Executive Directors played no part in deciding their own remuneration and the respective Board members abstained from all discussion and decisions pertaining to their remuneration.

6.2 Remuneration Committee

The Remuneration Committee is populated solely by INEDs as follows:

Chairman	Dato' Tahir Jalaluddin Bin Hussain
Members	Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim Ong Huey Min, Lindy

The TOR of the Remuneration Committee and Remuneration Policy are available on the corporate website at www.pensonic.com.

The key duties of the Remuneration Committee included the following:

- To determine and recommend to the Board the framework for the remuneration, in all forms, of the Executive Director and/or any other persons as the Committee is designated to consider by the Board, drawing from outside advice as necessary; and
- To implement/maintain a reward system for Executive Director based on individual performance and the Group's results. The following factors shall be taking into consideration in determining the quantum of remuneration: position and scope of work, long term objectives of the Group, complexities of Group activities, individual performance, length of service, experience and mark-to-market salary.

7 Remuneration of Directors and Senior Management

7.1 Details of Directors' remuneration

The remuneration payable in respect of Directors' fees for FYE2021 and FYE2022 are categorised as follows:

Directors' Fees	FYE2021	FYE2022
Executive Board members (per pax)	30,000	30,000
INED & Chairman of the Audit Committee	72,000	72,000
INEDs (per pax)	45,000	45,000

The fees and benefits payable for the Non-Executive Directors are endorsed by the Board of Directors for approval by the shareholders at the AGM prior to payment.

The remuneration received/receivable by the Directors of the Company for FYE2021 is as disclosed in the CG Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Part III Remuneration (Cont'd)

7 Remuneration of Directors and Senior Management (Cont'd)

7.2 Details of top 5 Senior Management's remuneration

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors or the CEO.

7.3 Details of top 5 Senior Management's remuneration on named basis

The Board acknowledges the need for transparency in the disclosure of its Senior Management remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business given the highly competitive human resource environment in which the Group operates. Disclosure of specific remuneration could give rise to recruitment and talent retention issues going forward.

As such, the Board takes the view that there is no necessity to disclose the names and remuneration of the top 5 Senior Management personnel who are not Directors or the CEO.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I Audit Committee

8 Effective and independent Audit Committee

8.1 Chairman of the Audit Committee

Ong Huey Min, Lindy, an INED, is the Chairman of the Audit Committee. Details on the composition and activities of the Audit Committee are outlined under the Audit Committee Report in this Annual Report.

8.2 Policy requiring former key audit partner to observe 2-year cooling off period

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the AC. As such, there was no need to establish such policy presently. The policy will be established when the need arises in future.

The Board will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee is a former key audit partner.

8.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors and is satisfied with the technical competency, quality of audit engagement and independence of the external auditors. The Audit Committee meets with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements.

At least twice a year and whenever necessary, the Audit Committee met with the external auditors without the presence of executive Board members or Management personnel, to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Audit Committee's attention. During the year, the Audit Committee met up twice with the external auditors.

The Audit Committees has considered the non-audit services provided by the external auditor during FYE2021 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity.

The external auditors have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the professional and regulatory requirements.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Part I Audit Committee (Cont'd)

8 Effective and independent Audit Committee (Cont'd)

8.4. Composition of the Audit Committee

Although not required to observe this Step-Up, the Audit Committee comprised solely of INEDs as the Board observes and values the independence of the Audit Committee.

8.5 Diversity in the skills of the Audit Committee

The Audit Committee currently comprised of members with professional experience in financial, taxation, business and economic environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the Audit Committee the ability to effectively discharge their roles and responsibilities.

Part II Risk Management & Internal Control Framework

9 Effective risk management and internal control framework

9.1 Establish an effective risk management and internal control framework

The Statement on Risk Management and Internal Controls in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

Continuous reviews are carried out by the internal audit function, Management and the recently established Risk Management Committee to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the AC regularly.

9.2 Disclosure on the features of risk management and internal control framework

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

9.3 Establishment of a Risk Management Committee

A management level Risk Management Committee was established on 30 July 2018 concurrent with the appointment of the GMD as Chief Risk Officer ("CRO"). The GMD's assumption of the roles and responsibilities of the CRO presently to lead from the top and drive the importance of embedding sound practices of risk management throughout the business operations of the Group.

The Risk Management Committee will report on a yearly basis to the Audit Committee. The risk management functions are incorporated into the TOR of the Audit Committee.

10 Effective governance, risk management and internal control

10.1 Effectiveness of the internal audit function

The AC assesses the performance of the Internal Auditors on an annual basis to ensure that the Internal Auditors perform their functions effectively and independently.

The AC ensures that the Internal Audit function carries out their work according to a recognised framework (i.e. International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors).

10.2 Disclosure on the internal audit function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced and is a member of the Institute of the Internal Auditors Malaysia to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Part II Risk Management & Internal Control Framework (Cont'd)

10 Effective governance, risk management and internal control (Cont'd)

10.2 Disclosure on the internal audit function (Cont'd)

The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.

The activities of the internal auditors during the financial period are set out in the Statement on Risk Management and Internal Controls in this Annual Report.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I Communication with stakeholders

11 Continuous Communication between Company and stakeholders

11.1 Effective and transparent and regular communication with stakeholders

The Group recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Group aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information.

The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

Investors are provided with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

All announcements are reviewed and endorsed by the Board prior to release to the public through Bursa Securities. In addition, all financial related announcements are pre-approved by the GMD before these are submitted to the Audit Committee and Board for approval.

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

The Group maintains a website at www.pensonic.com for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance and updates on its awards and recognitions and promotions. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email at info@pensonic.com. Primary contact details are set out on the Group's website.

11.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently as the Company does not fall within the definition of "Large Companies".

Part II Conduct of general meetings

12 Encourage Shareholder Participation at General Meetings

12.1 Notice for annual general meeting

The Board encourages shareholders' participation and as such, the AGM is an important event as the Board is given the opportunity to have a dialogue with the shareholders following presentation of annual audited financial results and to address any questions that may arise. The Directors, Company Secretary and the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

The notice of the 26th AGM held in 2020 was sent more than twenty-eight (28) days before meeting date to shareholders and published in a major local newspaper. Items of special business included in the Notice of AGM was accompanied by an explanation of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. All suggestions and comments put forth by shareholders was noted by the Board for consideration. The Directors attend the AGM to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

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

Part II Conduct of general meetings (Cont'd)

12 Encourage Shareholder Participation at General Meetings (Cont'd)

12.1 Notice for annual general meeting (Cont'd)

All the resolutions set out in the Notice for the 26th AGM were put to vote by poll with the outcome announced to Bursa Securities on the same day. The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.

The notice for the upcoming AGM in 2021 will be sent twenty-eight (28) days in advance to enable shareholders to make adequate preparation.

12.2 All Directors to attend general meetings

All the Directors had attended the 26th AGM held on 28 October 2020.

12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

Based on the past trend of number of shareholders, the Company does not have a large number of shareholders to warrant voting in absentia and/or remote shareholders' participation at AGM. The total number of shareholders was circa 2,600 on a monthly basis with a majority Malaysian. Further, all general meetings are held at a Pensonic's business premise, which is easily accessible to all shareholders.

As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and maintain the same location for the AGM for the past years.

DIRECTORS' RESPONSIBILITY STATEMENT

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 cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards under Malaysia Financial Reporting Standards ("MFRS"), International Financial Reporting Standard 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 judgements and estimates. The Directors also have 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 COMPLIANCE

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has in all material aspects satisfactorily complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

The Corporate Governance Overview Statement is issued in accordance with a resolution of the Board of Directors dated 22 September 2021.

AUDIT COMMITTEE REPORT

FORMATION

The primary objective of the Audit Committee ("AC" or "Committee"), as a Committee of the Board of Directors ("Board") of Pensonic Holdings Berhad ("Pensonic" or "the Company") is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control. The key responsibilities of the AC, include, among others, the following:

- (a) Oversee the Group's financial reporting process and the integrity of the Group's financial statements;
- (b) Assess the Group's processes in relation to its risks, governance and control environment;
- (c) Review conflict of interest situations and related party transactions; and
- (d) Evaluate the internal and external audit processes and performance.

The terms of reference of the AC is published on the Company's website at www.pensonic.com.

COMPOSITION, MEETING AND ATTENDANCE

The present AC comprised solely of Independent Non-Executive Directors, in compliance with para 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("MMLR") and Practice 8.4 of the Malaysian Code on Corporate Governance ("Code").

The members of the AC and their attendance at the five (5) meetings held during the financial year under review are as tabulated:

Composition Position in Committee	Attendance
Ong Huey Min, Lindy Chairman	5/5
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim Member	5/5
Dato' Tahir Jalaluddin Bin Hussain Member	5/5

All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC. The Chairman of the AC is a member of the Malaysian Institute of Accountants.

The minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting. The AC Chairman reported to the Board on the activities undertaken and the key recommendations for the Board's consideration and decision.

During the financial year ended 31 May 2021 ("FYE2021"), the AC met five (5) times to discuss matters, among others, in relation to the accounting and reporting practices, related party transactions as well as internal and external audits of the Company and its subsidiaries.

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Company Secretary or her representative was present at all the meetings. The executive Board members, members of management as well as representatives of the external auditors and internal auditors were also invited to attend the meetings as and when the need arose.

The AC also made arrangements to meet and discuss with the external and internal auditors on any matters relating to the Group and its audit activities. The AC met twice (2) with the external auditors without the presence of the executive Board members and management during the financial year under review.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the AC during FYE2021 were as follows:

1. Financial Performance and Reporting

- (a) Reviewed quarterly unaudited financial results of the Group before recommending to the Board for its consideration and approval and subsequent announcement to Bursa Securities.
- (b) Reviewed the Company's compliance, in particular, the quarterly and year-end financial statements, with the Listing Requirements of Bursa Securities, applicable approved accounting standards of the Malaysian Accounting Standards Board and other relevant legal and statutory requirements.
- (c) Reviewed pertinent issues, which had significant impact on the results of the Group, including receivables, inventory management, bank borrowings, investments and divestments and strategic operations of subsidiaries.
- (d) Reviewed recurrent related party transactions of revenue and trading nature and other related party transactions entered into by the Group.



AUDIT COMMITTEE REPORT

(Cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

The main activities undertaken by the AC during FYE2021 were as follows: (Cont'd)

2. Internal Audit ("IA")

- (a) Reviewed and approved the annual IA plan for financial year ended 31 May 2021.
- (b) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations and actions taken to improve the system of internal control and procedures.
- (c) Monitored the feedback and reports from the Internal Auditors for matters of non-compliance, weakness in internal control systems or the lack of it as well as recommendations and management's response.
- (d) The AC has, where appropriate, directed management to rectify and improve control procedures and workflow processes based on the internal auditors' suggestions for improvement.
- (e) Reviewed the implementation of these recommendations through follow up audit reports.
- (f) Reviewed the performance of JWC Consulting Sdn Bhd ("JWC") as internal audit services provider upon confirmation that JWC has the appropriate qualification and experience as well as being a member of The Institute of Internal Auditors.

3. External auditors ("EA")

- (a) Discussed the audit plan, scope of work/audit and reporting obligations as well as proposed audit fee for the year under review with the external auditors before commencement of audit engagement.
- (b) Reviewed and discussed with the auditors, the findings and results arising from the audit of FYE2021 and management letter (if any) together with management's response and comments.
- (c) Responded to external auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.
- (d) Reviewed the suitability and performance as well as factors relating to the independence of the external auditors with due consideration to the quality, robustness and timeliness of the audit and report furnished, audit governance, level of understanding demonstrated of the Group's business and communication about new and applicable accounting practices and auditing standards and its impact on the Group's financial statements as well as the quality of the people and service level.

The Committee also met once (1) with management, in the absence of auditors, to hear their views on the effectiveness of the external auditors.

- (e) Reviewed the non-audit services provided by the external auditors, if any.
- (f) Following a review of the performance and independence of the external auditors during FYE2021, the AC recommended the re-appointment of KPMG PLT.

4. Corporate Governance

- (a) Reviewed the relevant regulatory changes and ensure compliance by the Company and the Group.
- (b) Reviewed and approved/recommended, as applicable, the Audit Committee Report, Statement of Risk Management and Internal Control, Statement on Corporate Governance and Corporate Governance Report for Board's approval before inclusion in the Annual Report 2021.
- (c) Reviewed, discussed, approved and monitored recurrent related party transactions of a revenue or trading nature and other related party transactions entered into by the Group as reported by the Management.
- (d) Met twice (2) with the external auditors in the absence of the executive Board members and management staff to discuss issues of concern to the auditors arising from the annual statutory audit. None was reported.



AUDIT COMMITTEE REPORT

(Cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

The main activities undertaken by the AC during FYE2021 were as follows: (Cont'd)

5. Risk Management

- (a) Reviewed and accepted the Risk Assessment Report from Chief Risk Officer which detailed the risk status in the Group for FYE2021.
- (b) Reviewed and assessed the key risks of the Group as identified in the ERM Report and follow through on various action plans to manage, mitigate and or eliminate the risks so identified.
- (c) Reviewed and endorsed the key risks profile of the Group as identified in the ERM Report.
- (d) Reviewed the progress of ongoing risk management activities undertaken by RMC.

INTERNAL AUDIT FUNCTION

The Board acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group has engaged an independent professional consulting firm to provide outsourced internal audit function to carry out internal audit of the Group. This is to assist the Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function of the Group in respect of the financial year under review is RM30,000.

The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal controls and risk management so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

It is the responsibility of the internal audit function to provide the Committee with independent and objective reports on the risk management profile as well as the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

JWC took the risk-based approach in planning the Internal Audit Plan for the approval of the AC.

During FYE2021, the internal audit function carried out internal audits to test the adequacy and effectiveness of the internal control system on review of the recurrent related party transactions of the Group, management information system of Pensonic Corporation Sdn. Bhd. Pensonic Sales & Service Sdn. Bhd. and Pensonic Industries Sdn. Bhd. and general safety and security and human resources management of Pensia Plastic Industries Sdn. Bhd., Pensia Industries Sdn. Bhd. and Pensia Electronic Sdn. Bhd..

Further information on the internal audit function and its activities are set out in the Statement on Risk Management and Internal Control in this Annual Report.

This report was approved by the AC on 22 September 2021.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires the Board of Directors (“Board”) to establish a sound risk management framework and internal controls system to safeguard shareholders’ investments and the assets of Personic Holdings Berhad and its subsidiaries (“Group”). Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“MMLR”), the Board of listed issuers is required to include in their Annual Report, a statement on the Group’s state of internal control and risk management. The Board recognises its responsibilities for and the importance of a sound system of risk management and internal controls.

The Board continues with its commitment to maintain sound systems of risk management and internal control throughout the Group and in compliance with the MMLR and the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) (“Internal Control Guidelines”). The Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 May 2021 (“FYE2021”).

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal controls being embedded into the culture, processes and structures of the Group. The systems of internal control cover financial, organisational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group’s systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatements or losses.

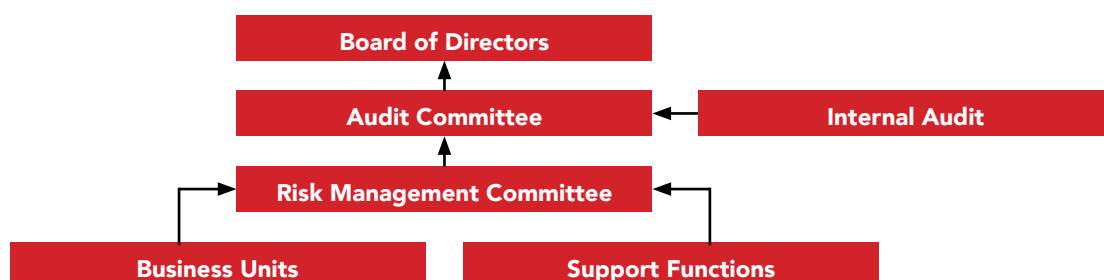
CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board’s commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a structure and environment for the proper conduct of the Group’s business operations as follows:

- 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 supervision over appropriate controls. The Group Financial Controller leads the presentation of board papers and provides explanation of pertinent issues. In addition, the Board is kept updated on the Group’s activities and its operations on a quarterly basis;
- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational and human resource management, which is subject to review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board’s approval;
- Relevant information provided by management, covering financial and operational performance and key business indicators, for effective monitoring and decision making; and
- Involvement in operating units (i.e. through online meetings and in person when the situation permits) by Executive Directors and senior management.

RISK MANAGEMENT FRAMEWORK

The Board has established a process for identifying, evaluating and managing risk through the Enterprise Risk Management (“ERM”) Framework. These include the formation of a Risk Management Committee (“RMC”) which was delegated with the task of identifying risks within the Group. The Board through the Audit Committee reviews this process as and when deem necessary. The main objective of the review is to formalise and embed a risk management process across the Group in order to sensitise all employees within the Group to risk identification, evaluation, monitoring and reporting. The Group’s risk management structure to assign responsibility for risk management and to facilitate the process for assessing and communicating risk issues from transactional levels to the Board is summarised in the diagram below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

RISK MANAGEMENT FRAMEWORK (Cont'd)

a. Board of Directors

- Overall risk oversight responsibility;
- Determines that the principal risks are identified and appropriate steps implemented to manage these risks; and
- Reviews the adequacy and the integrity of the Group's risk management and internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Audit Committee

- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group; and
- Reviews and endorses the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

c. Risk Management Committee

- Oversees the implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organisation; and
- Reviews and monitors annually the status of the Group's principal risks and their mitigation actions and update the Board and Audit Committee accordingly.

During the year, the Group has identified new risks, reviewed and updated the risk register. The likelihood and impact of the risks have been assessed and appropriate mitigation actions have been identified for the risks.

Discussions over risk areas have been incorporated in the monthly management meetings attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

The Anti-Bribery and Anti-Corruption Policy sets out the policies and procedures on the Group's commitment to conduct its business with high standards of ethics and integrity. The Group adopts a "zero-tolerance" approach towards bribery and corruption by its employees, business partners, suppliers, agents or contractors.

The Group's Whistleblowing Policy provides an avenue for employees and external parties to report actual or suspected malpractices, misconducts or violations of the Group's policies and regulations in a safe and confidential manner.

In essence, risk management is conducted through an integrated process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has, through the Audit Committee, engaged the services of an independent professional accounting and consulting firm, JWC Consulting Sdn Bhd, to provide the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal auditors adopt a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on their risk profiles. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee.

The Audit Committee has full and direct access to the internal auditors and the Audit 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 and risk management system. Significant findings and recommendations for improvement are highlighted to Management and the Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions are implemented accordingly.

Based on the internal auditors' reports for FYE2021, the Board has 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 Board continues to review and implement measures to strengthen the internal control environment of the Group.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

REVIEW OF STATEMENT BY THE BOARD

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this statement for inclusion in the Annual Report. The Board is of the view that the system of risk management and internal control instituted by the Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the operation of controls is appropriate for the Group's operations.

The Board has received assurance from the Group Managing Director and Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investments and the Group's assets.

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the 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 ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 May 2021, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

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

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

This Statement on Risk Management and Internal Control does not cover the associates as disclosed in Note 7 to the financial statements.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 22 September 2021.



SUSTAINABILITY REPORTING

During the year, Pensonic Holdings Berhad (“PENSONIC”) reviewed and implemented initiatives that are in accordance with the key principles of sustainability, specifically in relation to the three sustainability pillars of economic, environment and social (“EES”) themes.

Despite facing the challenges brought upon by the COVID-19 pandemic, we continue to make great progress in our sustainability initiatives by leveraging on our experience and continuous learning from various experts and industry standards.

We also strongly believe that a safe and healthy environment is a must to ensure the well-being of our employees. Coupled with our strict ethical business practices, we strive to create a workplace where our employees can deliver industry leading products and services to our customers on a timely basis. Our efforts to ensure that the community surrounding us benefit and grow with us on a sustainable basis also helps instill a sense of compassion and empathy within the Company. This helps us better appreciate the essence of sustainability.

MATERIALITY ASSESSMENT PROCESS

PENSONIC’s business sustainability is based on a myriad of factors, both internal as well as external. Considering a range of economic, environment and social aspects of the business, there are factors that are much more important than others in creating long term value to stakeholders. Pensonic has considered the following:

- (a) Group’s strategic vision and business activities
- (b) Group’s internal and external stakeholders; and
- (c) the ability of the Group to control and manage these matters

Based on the criteria above, PENSONIC assesses and prioritizes sustainability matters considering not only the Group’s businesses, but also the views and concerns of the Group’s internal and external stakeholders. The Group’s stakeholders include, but are not limited to, customers, dealers, employees, regulators, shareholders, suppliers and communities. The Group has in place appropriate engagement channels with its key stakeholders to allow the views and concerns of stakeholders to be expressed and heard.

STAKEHOLDER ENGAGEMENT

PENSONIC categorises its stakeholder engagement and sustainability practices around the following categories and activities. This matrix assists PENSONIC in targeting its sustainability activities, engagement and communication in a systematic and focused manner:

Stakeholder engagement on sustainability topics, type and frequency of engagement

Stakeholders	Sustainability Topic	Type of Engagement	Frequency
Investors / Shareholders	<ul style="list-style-type: none"> • Business performance • Operations in compliance with applicable laws and regulations 	<ul style="list-style-type: none"> • Quarterly result • Annual Report and Annual General Meeting • Corporate website and investor relationship channel 	<ul style="list-style-type: none"> • Quarterly • Annually • On going
Customers	<ul style="list-style-type: none"> • Changing needs of customers and consumers • Innovation • Product quality and performance • Business ethics 	<ul style="list-style-type: none"> • Customer service • Face-to-face interaction • Business Review 	<ul style="list-style-type: none"> • On going • On going • As required
Employees	<ul style="list-style-type: none"> • Job security and wages • Conducive workplace • Career development • Corporate activity • Health and safety • Group’s growth development 	<ul style="list-style-type: none"> • Competitive remuneration package • Safe and healthy working environment • Learning and development programmes • Employee performance appraisal • Corporate Memo and letter 	<ul style="list-style-type: none"> • On going • On going • On going • Annually • On going
Suppliers	<ul style="list-style-type: none"> • Supplier performance review • Product quality 	<ul style="list-style-type: none"> • Regular meetings and correspondence • Supplier rating 	<ul style="list-style-type: none"> • On going • Annually
Government & Regulators	<ul style="list-style-type: none"> • Regulatory compliance • Product certification 	<ul style="list-style-type: none"> • Site visit and meeting • Participating in program organised by government bodies 	<ul style="list-style-type: none"> • As required • As required
Media	<ul style="list-style-type: none"> • Timely and accurate information 	<ul style="list-style-type: none"> • Press release 	<ul style="list-style-type: none"> • As required
Community	<ul style="list-style-type: none"> • Environment protection • Local community activities involvement 	<ul style="list-style-type: none"> • Participation in local community and activities • Sponsorship 	<ul style="list-style-type: none"> • On going • On going



SUSTAINABILITY REPORTING

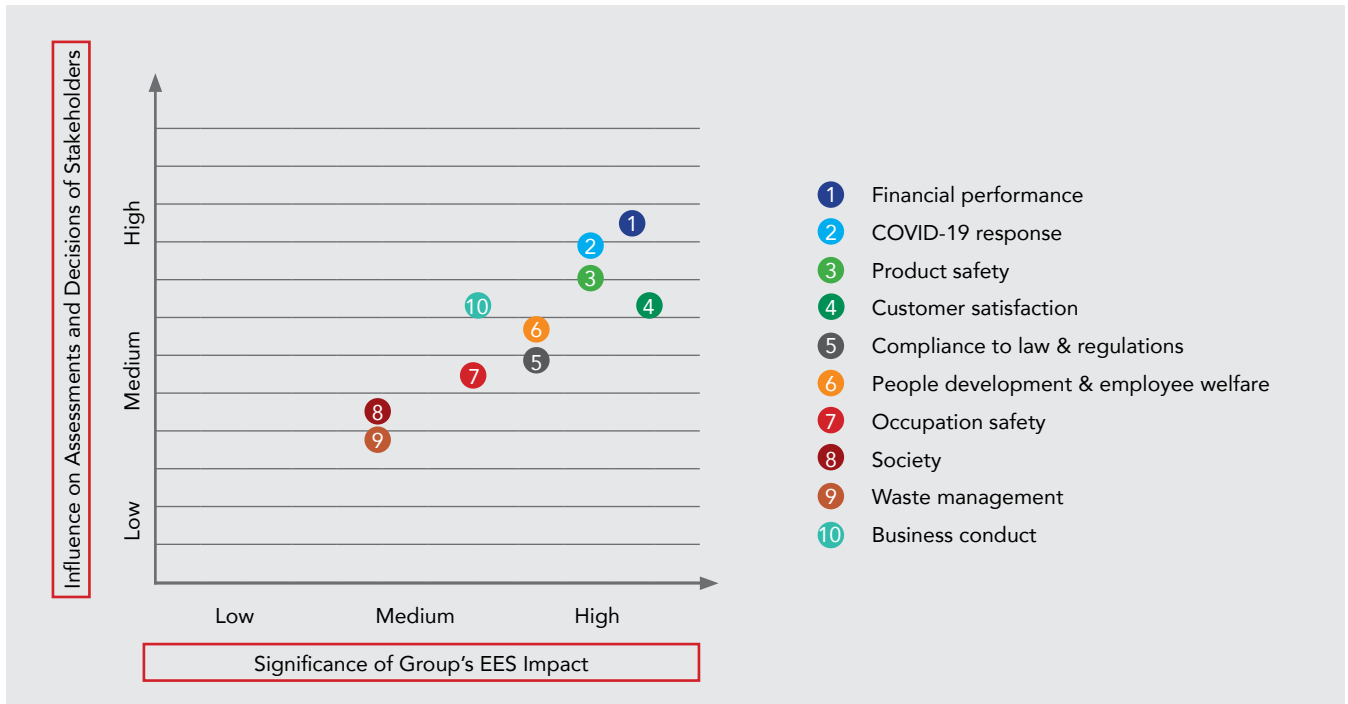
(Cont'd)

MATERIALITY

We constantly monitor and discuss industry trends, operating challenges and stakeholder expectations, to produce long-term value to shareholders and stakeholders of the Group and the community around us.

The material issues that shape our strategies and business decision making are not limited to Company's financial performance alone but also to EES impact. We shortlisted 10 material areas of disclosures into a matrix.

The identified matters have been further categorised into four tenets that reflect our approach to managing sustainability and our commitment to create value for both our business and stakeholders:



Our business performance	Our Environmental Management	Our People	Our Outreach
Economic Performance	Waste and Hazardous Material Management	Labour Practices	Local Communities
Ethics and Compliance	Energy Consumption	Diversity and Inclusion	Indirect Economic Impact
Supply Chain Management		Employee Learning & Development	
Product and Service Quality		Employee Well-Being, Health and Safety	
Customer Service		COVID-19 response	

ECONOMIC

PENSONIC is committed to upholding a good corporate governance framework that promotes fairness, transparency and accountability. The Group has established policies on anti-corruption for ethical business practices, embedded in the Group's Code of Ethics, Code of Conduct and the Employees Handbook. The Group pledges to not bribe anyone nor accept bribes from anyone for any reasons, and customary business courtesies which may be customary shall be guided by reasonable ethical or cultural practices and shall not be inappropriately lavish or excessive, and shall not be material enough to influence, or appeal to be able to influence, business decisions.

Maintaining transparent and fair business dealings with dealers and customers remains as a crucial factor to build and promote the reliability, trustworthiness, and stakeholders' confidence in the Group's products and services. The Group ensures open and transparent engagement channels, including a well-maintained and up-to-date corporate website, are in place to effectively communicate applicable policies and expectations to dealers and customers.



SUSTAINABILITY REPORTING

(Cont'd)

ECONOMIC (Cont'd)

For the financial year, the Group has recorded zero cases of whistleblowing concerning anti-corruption, anti-money laundering or ethical business practices. The Group will continuously review its policies and processes in place to enable the observance of high ethical and integrity standards in the conduct of the Group's business.

PENSONIC is ISO 9001:2015 certified and our products are regulated by Suruhanjaya Tenaga. We have obtained the relevant certification from SIRIM before our products enter the market. Our Group's products which are sold in Singapore are attached with the Certificate of Conformity for controlled goods. Product warranty is provided for all our products sold and products with manufacturing defects can be returned for repairs under the warranty claim or under certain circumstances, the product may be exchanged for a new one.

The PENSONIC brand portfolio comprises a combination of in-house brands, i.e., Pensonic, Cornell and Lebensstil Kollektion, Tough and agency brands such as Morphy Richards and Belling.

To ensure that customers have an avenue to seek help on any product information and repairs, the Group has a total of seven service centers in Malaysia, located at Bukit Minyak and Perak Road in Penang, Petaling Jaya, Johor Bahru, Kota Bahru, Kota Kinabalu and Labuan. Sales and service centers are also located worldwide in Zhuhai, Hong Kong, Singapore, Indonesia, Brunei, Myanmar and Cambodia.

To consolidate the registration of warranties for all our products, we have enhanced 'Circlez App' to replace the earlier version 'Pensonic App'. The App is ready to be downloaded from Google Play, App Store and HUAWEI AppGallery. It is an easy online warranty registration using QR code scanning or manual keying-in with automatic warranty period tracking.



We monitor the warranty claims of our products as a measure of our product quality. At the same time, the Group has various communication channels in place through which customers and consumers are able to submit their enquiry, concerns or complaints. These channels include our website and our customer service centres. Customer/consumer concerns are documented and reviewed for the Group to identify the commonly reported issues for its consideration in quality improvement.

3 Months Warranty Extension

Product warranty expiring during FMOO period will automatically be given extension of 3 months from FMOO end date.

Register warranty at Circlez App now!

DOWNLOAD NOW!

AVAILABLE ON:
App Store | Google Play | AppGallery

STAY HOME • STAY SAFE • STAY HEALTHY • PRODUCT ENJOY LIFE

Stay home. Stay safe.

PENSONIC **Cornell** **LEBENSSTIL** **morphy richards** **Tough**

During the financial year under review, there were various stages of MCO being implemented by the Government. We understand that our customers could face challenges in claiming product warranty, hence, in order to better serve our customers, we have extended warranty of products expiring during the MCO periods by an additional three (3) months.

PENSONIC maintains a healthy supply chain management through building its long-term relationships with its supplier. We are committed to ensure a stable and strong procurement practice to procure materials in best cost scales, conform to environment requirements, meeting quality standards, delivery on time and at competitive prices. Prior to engaging a new supplier, a systematic supplier assessment will be conducted based on quality, delivery and cost environment aspect. We carry out supplier assessment to ensure all suppliers comply with our directions and requirements.



SUSTAINABILITY REPORTING

(Cont'd)

ENVIRONMENT

At PENSONIC, we believe that environmental sustainability is as important as business sustainability. As a renowned manufacturer of electrical home appliances, it is our responsibility to manage and reduce our carbon footprint the best we can. As such, we have undertaken the following initiatives in several areas of the business operations:

- Our head office boasts green modern design where larger and more abundant window openings are being used. This allows the natural light of the sun to illuminate the interior of the building, hence rendering it unnecessary to turn on the interior lighting during the day.
- The air-conditioning system in our office building is set to be auto turned-off at 6pm.
- LED lights are used throughout our facilities and temperatures are kept at a level that is comfortable and energy efficient.
- A rain harvest system is in place with a special tank built into the facility to collect storm water which is then filtered and used for irrigation of the garden on the grounds of the head office.
- All forklifts used in our warehouses are reconditioned battery forklifts which utilize rechargeable batteries to operate, hence, enabling operators to do more work with less power, delivering sustainability with no emissions of CO₂.
- Plants and greeneries adorn the ground floor areas.

At PENSONIC, innovation in technology which integrates environmental considerations into our product design is vital in this changing environment and hence, we have introduced various energy saving appliances such as the table fans, wall fans, stand fans and exhaust fans.

We have in place, Standard Operating Procedures (SOPs) to ensure the best possible measures are taken throughout all our facilities to reduce any adverse environmental impacts arising from the discharge of waste.

All hazardous waste generated from our manufacturing processes are kept at designated areas and reported to the Department of Environment on a monthly basis through the Electronic Scheduled Waste Information System. The waste collected will be disposed by licensed hazardous waste recycling facilities, where the waste is recycled or converted into environmentally-friendly products.

For the financial year under review, we did not receive any fines or sanctions due to non-compliance with environmental legislation across the reporting regulations and requirements.

SOCIAL

At PENSONIC, we uphold human rights and respect the rights of each individual. We do not practice forced labour, prohibit discrimination of any form and are promoting a safe and healthy workplace, prohibit child labour, practice adherence to the minimum wage requirements and promote freedom of speech within the organisation.

Local hiring is done via multiple channels, i.e.; Jobstreet, our website, placement of hiring banners, employees' reference programme and participating in various roadshows.

PENSONIC offers internship programs at its Corporate Head Office with attractive monthly allowances and an option for the interns to be converted to become a permanent employee of the company upon the completion of the internship program. During the financial year, PENSONIC recruited a few college/university students as part of their internship program and worked in various departments.

We recognise that it is our people that drive the business forward. We care for our employees and acknowledge that having good employee relations and a motivated workforce are crucial to our success. As such, we support life-long learning and development of our people and we promote opportunities for professional and personal growth. Our yearly training and development programmes are part of our strategy in managing talents and careers.

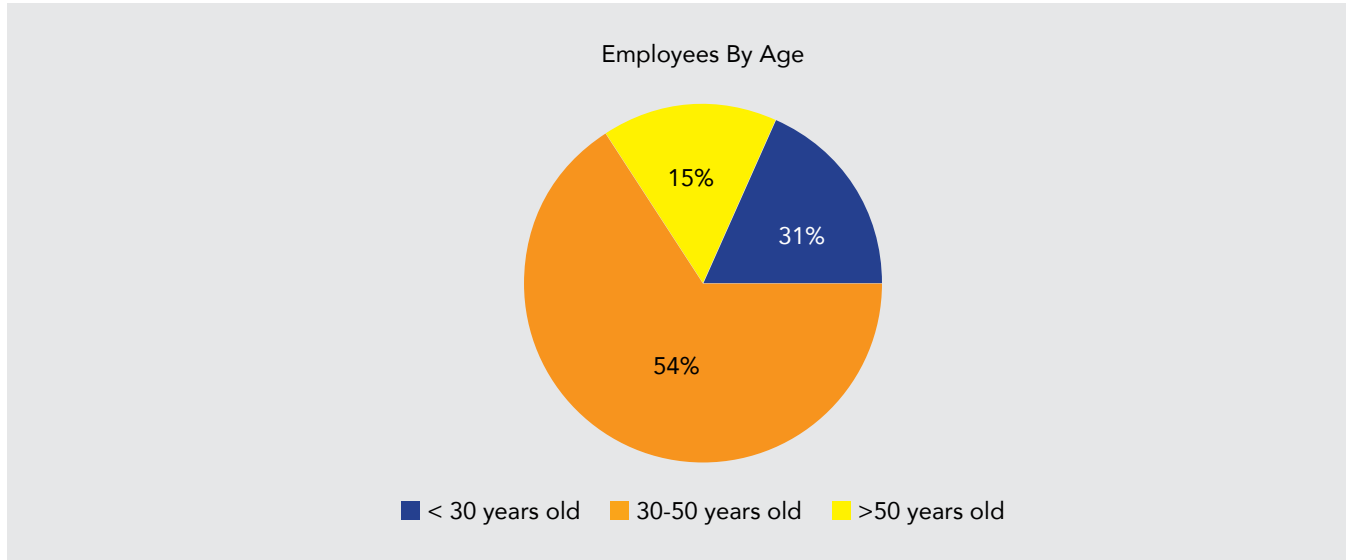
Talent development is one of the core aspects of PENSONIC's continued growth and success. Various training and safety awareness events and seminars were provided during the year to enhance and promote the importance of safety as well as to sharpen the skillset of the employees.

Furthermore, we believe in having a diverse workforce in terms of gender, age, ethnicity and cultural background as this provides us with a stronger platform to excel.

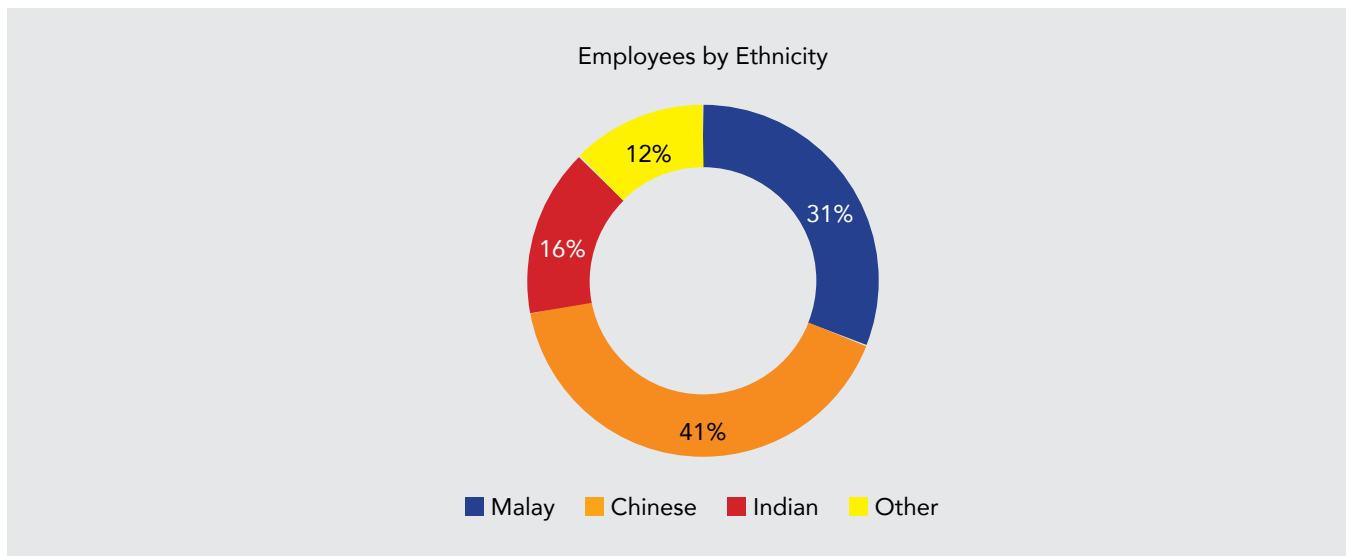
SUSTAINABILITY REPORTING

(Cont'd)

SOCIAL (Cont'd)



At the close of financial year 2021, Pensonic is a diverse workforce comprising a mix of local and foreign employees, with majority of the employees in the 30 to 50 age group. Female is 41% of the total employees.



Ensuring the safety of our employees has always been high on our priority list. In the financial year 2021, there were zero (0) reported cases of any injuries. To further mitigate accident cases within our operations, we will continue to prioritise safety at the work place by increasing safety awareness initiatives and training including conducting daily spot checks for all potential hazards that can lead to accidents, and increase safety enforcement to all staff and workers in order to prevent accidents. Our safety system and processes are modelled on the internationally recognized OHSAS 18001 standard.

In order to provide our employees with a fair and better working environment, PENSONIC strives to ensure all legal requirements regarding employee benefits are met. For this reporting year, we comply with all related Employment Laws and Regulation.

Among the employee benefits available to our permanent employees are:

- Hospitalisation, surgical as well as personal accident coverage
- Uniform
- Hostel accommodation and transportation via chartered buses
- Long service awards
- Annual/medical/maternity/paternity/compassionate/hospitalisation leave
- EPF/SOCSO/EES/Bonus/Annual increment
- In-house gym facility
- Employees' recreational activities



SUSTAINABILITY REPORTING

(Cont'd)

SOCIAL (Cont'd)

The COVID-19 pandemic has definitely created a new normal in the way we carry out our work. Our priority is the safety and health of our employees and we make an effort to protect them by ensuring their exposure to the risk of infection is as low as possible, even to the extent of taking punitive action to enforce compliance with all prevailing Standard Operating Procedures ("SOPs").

The following are good practices that were implemented to help reduce and contain the spread of the virus and other kinds of infectious illnesses. We encouraged our employees to practice them through reminders and publicity material placed at various places around our sites:

- Maintain appropriate social and physical distancing at all times, especially those who are showing symptoms of illness (and to also escalate such cases to management so that they may be dealt with appropriately);
- Observe good personal hygiene e.g. practise frequent hand washing with soap;
- Wear a mask at all times and to wear it properly according to SOP; and
- Seek medical attention promptly if feeling unwell.

Employees who are feeling unwell with the following symptoms should consult a doctor and not come to the office:

- Registering a body temperature of 37.5 degrees Celsius and above;
- Respiratory symptoms like cough, running nose, shortness-of-breath / difficulty breathing;
- Loss of taste / sense of smell;

Employees are required to update HR and their immediate supervisor if they have any of the above symptoms and the results of the doctor's diagnosis.

All employees will have their temperature scanned on entering the work site and this will be recorded for reference. Employees are also required to use the MySejahtera app to scan their work location when entering the work premises.

All sites have arranged hand sanitisers to be placed at various locations, especially at the entrances to various sections. Employees are encouraged to use them regularly.

It is recommended that employees maintain a distance of about a meter apart from one another at all times, even when others may not exhibit any symptoms. This is to reduce the risk of infection. As such, arrangements have been made to ensure there is sufficient space between employees in their daily work activities. Employees must stand, aligned with markers on the ground or on tables where applicable. The size of physical meetings will depend on the size of the rooms. Depending on the level of pandemic severity, sometimes physical meetings are not allowed at all and are conducted virtually.

It is mandatory for employees to declare to HR and their supervisors if they, or any of their family/household members living with them, have been in close contact with the following person(s):

- who have been diagnosed with COVID-19;
- who is serving any Quarantine; and
- who is pending any COVID-19 test outcome.

All employees/sub-contractors working at our sites are required to wear face masks which are provided. In addition to face masks, individuals who by their nature of work are unable to maintain appropriate physical distancing at all times, will be required to wear a face shield. Appropriate disciplinary action will be taken against employees who fail to comply with the guidelines. The mandatory use of the masks/face shields will be reviewed from time to time and our policy will adjust to prevailing circumstances.

We consistently undertake disinfection activities at various key areas (e.g. canteen). We also increase the frequency of the cleaning of office areas and frequently touched surfaces like door handles.

Employees who have been scheduled or designated to work from home will need to remain physically present at home during working hours. Working at cafes or some other location is prohibited as one of the main reasons for this arrangement is to keep employees safe and ensure they stay away from others and potentially external sources of contagion.

The measures undertaken above are part of a comprehensive plan developed over a period of time to address what is an evolving situation. As such, these measures may change to accommodate changing scenarios required to ensure our measures remain relevant and effective.

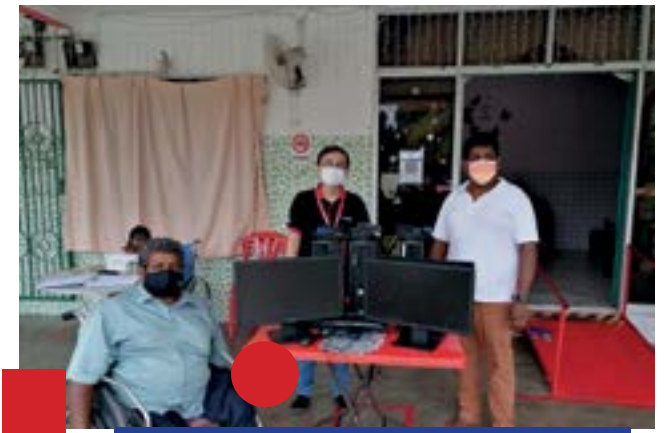
As part of our Corporate Social Responsibility, we constantly carry out projects to help improve living conditions, provide relief to and maintain the well-being of the poor, needy, distressed, disadvantaged or deprived individuals and/or communities.

SUSTAINABILITY REPORTING

(Cont'd)

SOCIAL (Cont'd)

While PENSONIC had been contributing to the education sector at all times, this year, we also providing non-monetary assistance on equipment required for online study during pandemic times. We collected 20 old computers and send to the organization in need after repair.



EMBRACE
CREATIVITY

morphy richards
smart ideas for your home



STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES

1.0 INTRODUCTION

The shareholders of Pensonic Holdings Berhad ("PHB" or "the Company") had, at the 26th Annual General Meeting ("AGM") of our Company held on 28 October 2020, granted approval for our Directors to purchase its own ordinary shares in PHB ("Shares") of up to ten percent (10%) of the total number of issued Shares at any point of time through Bursa Malaysia Securities Berhad ("Bursa Securities").

The aforesaid mandate shall lapse at the conclusion of the forthcoming 27th AGM unless the approval for its renewal is obtained from the shareholders at the said 27th AGM.

On 22 September 2021, the Company announced to Bursa Securities that the Company proposes to seek shareholders' approval on the renewal of the Proposed Renewal of Share Buy-Back ("Proposed Renewal of Share Buy-Back") at the forthcoming 27th AGM.

The purpose of this Share Buy-Back Statement ("Statement") is to provide you with the details of the Proposed Renewal of Share Buy-Back as well as set out the recommendation of the Board of Directors of the Company ("Board") and to seek your approval for the ordinary resolution in respect of the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM of the Company.

2.0 DISCLAIMER STATEMENT

This Statement is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Securities has not perused this Statement prior its issuance, and hence, takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of the Statement.

3.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

We are proposing to seek your approval to purchase Shares of up to ten percent (10%) of the total number of issued Shares of the Company at any point in time, subject to compliance with Section 127 of the Companies Act 2016 ("Act"), Chapter 12 of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the Malaysian Code on Take-Overs and Mergers 2016 ("Code") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities (collectively "Prevailing Laws") at the time of purchase(s).

The maximum aggregate number of Shares which may be purchased by the Company shall not exceed ten percent (10%) of the total number of issued Shares at any point in time.

As at 22 September 2021, the Company's issued share capital is RM67,670,893 comprising 129,668,000 Shares. Based on the number of issued Shares of PHB and assuming full exercise of the Warrants, the maximum number of shares which can be bought back pursuant to the Proposed Share Buy-Back are detailed as below:

Share Capital	Based on existing share capital No. of shares	Assuming full exercise of the Warrants No. of shares
Total number of issued Shares	129,668,000	129,668,000
Add: new shares arising from the exercise of the Warrants	-	64,834,000
Enlarged share capital	129,668,000	194,502,000
10% of the total number of issued Shares	12,966,800	19,450,200
Less: Treasury Shares held by PHB	(3,242,600)	(3,242,600)
Maximum number of Shares which may be purchased in respect of this Proposed Renewal Share Buy-Back	9,724,200	16,207,600

The purchase of Shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbroker(s) appointed by the Board.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES

(Cont'd)

3.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (Cont'd)

Your authority for the share buy-back will be effective upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at our forthcoming 27th AGM to be convened until:

- (i) the conclusion of the next AGM, at which time the authority shall lapse unless by ordinary resolution the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) the authority is revoked or varied by an ordinary resolution passed by you at a general meeting; whichever occurs first.

Your approval for the Proposed Renewal of Share Buy-Back does not impose an obligation on the Company to purchase its Shares. However, it will allow the Board to exercise the power of the Company to purchase its Shares at any time within the abovementioned time period.

4.0 RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back would enable the Company to utilise its surplus financial resources to purchase Shares when appropriate, and at prices which the Board view as favourable to the Company with a view to enhancing the earnings per Share of PHB Group ("the Group") and net asset per Share of the Company.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its shareholders.

(1) Advantages of the Proposed Share Buy-Back

- (a) The Proposed Share Buy-Back would effectively reduce the number of shares carrying voting and participation rights unless the Shares which are purchased by the Company pursuant to the Proposed Share Buy-Back ("Purchased Shares") are resold on Bursa Securities or distributed as share dividends. Consequently, all else being equal, the earnings per share of the Group may be enhanced as the earnings of the Group would be divided by a reduced number of Shares.
- (b) The Purchased Shares which will be retained as treasury shares ("Treasury Shares") may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves without affecting the total share capital of the Company. The Treasury Shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.
- (c) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

(2) Disadvantages of the Proposed Share Buy-Back

- (a) The Proposed Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forgo better future investment or business opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments; and
- (b) The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to you as shareholders of PHB in the immediate future.

5.0 SOURCE OF FUNDING FOR THE

Proposed Share Buy-Back

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Renewal of Share Buy-Back must be made wholly out of the retained profits of our Company. We intend to use internally generated funds to finance the Proposed Share Buy-Back subject to compliance with Section 127 of the Act and any Prevailing Laws at the time of the purchase. Notwithstanding this, in the event the Proposed Share Buy-Back (or any part of it) is to be financed through external borrowings, our Board will ensure that we have sufficient funds to repay such external borrowings.

Based on our latest audited consolidated financial statements for financial year ended 31 May 2021, the retained profits of our Company is approximately RM17,047,585. The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate amount of the retained profits of the Company.

The Proposed Share Buy-Back is not expected to have a material impact on the cash flow position of our Company. In addition, our Board will ensure that our Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Share Buy-Back. The actual number of Shares to be purchased, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as our



STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES

(Cont'd)

financial resources and retained profits.

6.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

The Directors, Major Shareholders and persons connected to the Directors and/or Major Shareholders of PHB Group have no direct or indirect interest in the Proposed Share Buy-Back and/or the resale of Treasury Shares, if any.

The proforma table below shows the equity interests held directly and indirectly in PHB by the Directors and substantial shareholders of PHB as at 20 August 2021 before and after the Proposed Share Buy-Back:

Minimum scenario: assuming none of the Warrants are exercised and 12,966,800 shares are bought back by PHB.
Maximum scenario: assuming all Warrants in issued are fully exercised and 19,450,200 shares are bought back by PHB.

	As at 20 August 2021 No. of shares held			As at 20 August 2021 No. of warrants held			Minimum scenario No. of shares held			Maximum scenario No. of shares held			
	Direct	%	Indirect	Direct	%	Indirect	Direct	%	Indirect	Direct	%	Indirect	
Directors													
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	11,034,300	8.731	32,261,924 [^]	25.529	0.013	10,000 [#]	11,034,300	9.455	32,261,924 [^]	27.645	19,434,300	43,341,836 [^]	37.139
Chew Chuon Jin, Dixon	7,898,400	6.250	16,800 [#]	0.013	0.014	16,800 [#]	7,898,400	6.768	16,800 [#]	0.014	13,384,100	26,800 [#]	0.023
Chew Chuon Ghee, Vincent	8,704,000	6.887	-	-	-	-	8,704,000	7.458	-	-	10,706,000	-	-
Chew Chuon Fang, Nelson	6,181,000	4.891	-	-	-	-	6,181,000	5.296	-	-	9,058,000	-	-
Major shareholder													
Chew Weng Khak Realty Sdn Bhd	26,061,924	20.623	-	-	-	-	26,061,924	22.332	-	-	36,731,836	31.475	-
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	11,034,300	8.731	32,261,924 [^]	25.529	0.013	10,000 [#]	11,034,300	9.455	32,261,924 [^]	27.645	19,434,300	43,341,836 [^]	37.139

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES

(Cont'd)

6.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED (Cont'd)

	As at 20 August 2021 No. of shares held			As at 20 August 2021 No. of warrants held			After minimum scenario No. of shares held			After maximum scenario No. of shares held		
	Direct	%	Indirect	Direct	%	Indirect	Direct	%	Indirect	Direct	%	Indirect
Person connected to Directors and/or Major shareholders												
Datin Seri Tan Ah Nya @ Tan Bee Tiang	2,200,000	1.741	-	420,000	-	2,200,000	1.885	-	-	2,620,000	2.245	-
Tan Guat See	16,800	0.013	-	10,000	-	16,800	0.014	-	-	26,800	0.023	-
Dato' Tan Ah Lee	365,000	0.289	-	182,000	-	365,000	0.313	-	-	547,000	0.469	-
Chew Chun Chia, Nick	2,000,000	1.583	-	-	-	2,000,000	1.714	-	-	2,000,000	1.714	-
Chew Pei Gee	2,000,000	1.583	-	-	-	2,000,000	1.714	-	-	2,000,000	1.714	-

Note:

By virtue of his interest of more than 20% in the ordinary shares of the Company, Dato' Seri Chew Weng Khak @ Chew Weng Kiak is also deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

^TThese shares are held in the name of spouse and Chew Weng Khak Realty Sdn Bhd.

[^]These shares are held in the name of spouse, children and Chew Weng Khak Realty Sdn Bhd.

[#]These shares are held in the name of spouse.



STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES

(Cont'd)

7.0 EFFECTS OF THE PROPOSED SHARE BUY-BACK

7.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares. The Proposed Share Buy-Back will result in a reduction of the issued shares capital of the Company if the Purchased Shares are cancelled.

In the event the Proposed Renewal of Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the present issued share capital of the Company will be reduced by the number of Shares so cancelled as follows:

Share Capital	Based on existing share capital No. of shares	Assuming full exercise of the Warrants No. of shares
Existing share capital as at 22 September 2021 (inclusive of the 3,242,600 Treasury Shares)	129,668,000	129,668,000
Add: new shares arising from the exercise of the Warrants	-	64,834,000
Enlarged share capital	129,668,000	194,502,000
Assuming all the Purchased Shares pursuant to the Proposed Share Buy-Back are cancelled	(12,966,800)	(19,450,200)
Resultant ordinary issued share capital	116,701,200	175,051,800

Conversely, if all the Purchased Shares are retained as Treasury Shares, the Proposed Renewal Share Buy-Back will not have any effect on the issued share capital of PHB. Nevertheless, certain rights attached to the Purchased Shares are suspended while they are held as Treasury Shares.

7.2 Net Assets ("NA") per Share

The Proposed Share Buy-Back may increase or decrease the NA per Share depending on the purchase price of the Shares bought back in comparison to the NA per Share at the time that the Shares are purchased.

If the Treasury Shares are distributed as share dividends, the NA per Share will decrease by the cost of the Treasury Shares at the point of purchase.

In the event the Purchased Shares which are retained as Treasury Shares are resold, the NA per Share of the Group will increase or decrease depend on whether a gain or a loss is realised upon the resale. However, the quantum of the increase or decrease in NA per Share will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold to Bursa Securities.

7.3 Earnings and Earnings per Share ("EPS")

The Proposed Share Buy-Back may increase or reduce the EPS of the Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to PHB to finance the purchase of such Shares, or any loss in interest income to PHB or opportunity cost in relation to other investment opportunities as well as the proposed treatment of the Purchased Shares.

Assuming that the Purchased Shares are retained as Treasury Shares and subsequently resold, the extent of the effects on the earnings of the Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back shall increase the EPS of the Group provided that the income forgone and interest expense incurred on the Purchased Shares are less than the EPS before the share purchase.

7.4 Dividends

The Proposed Share Buy-Back is not expected to have any impact on the dividend payment as the Board will take into consideration the Company's profit, cash flow and the capital commitments before proposing any dividend payment. However, the Board will have the option of distributing the Treasury Shares as share dividends to you subject to Section 131(1) of the Act, where a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent.

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES

(Cont'd)

8.0 IMPLICATION OF THE CODE

In the event the Proposed Share Buy-Back results in any Director, Major Shareholder and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected Director or Major Shareholder will be obliged to make a mandatory offer for the remaining Shares in the Company not held by him/them. However, an exemption may be sought from the Securities Commission by the affected Director or Major Shareholder under Section 219 the Capital Market Services Act 2007 before a mandatory offer obligation is triggered.

However, it is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory general offer under the Code. The Company will be mindful of the above implications of the Code in making any purchase of its own shares pursuant to the Proposed Share Buy-Back.

9.0 PURCHASE, RESALE OR TRANSFER AND CANCELLATION IN THE PRECEDING TWELVE (12) MONTHS

As at 20 August 2021, the Company had purchased a total of 3,242,600 of its own Shares and retained as Treasury Shares in accordance to the provisions of Section 127 of the Act.

As at the date of this Statement, the Company had not resold or transferred any Treasury Shares on Bursa Securities. No cancellation of Purchased Shares was made in the preceding twelve (12) months.

The details of Shares purchased by the Company in the preceding twelve (12) months are as follows:

Month	No of Share	Highest price paid (RM)	Lowest price paid (RM)	Average price paid (RM)	Total consideration (RM)
October 2020	479,700	0.435	0.425	0.4314	208,359
November 2020	396,900	0.465	0.430	0.4520	181,374
December 2020	210,300	0.545	0.515	0.5322	112,568
January 2021	787,400	0.609	0.550	0.5858	463,407
March 2021	327,300	0.662	0.620	0.6529	214,693
April 2021	723,300	0.756	0.705	0.7333	532,585
May 2021	317,700	0.835	0.730	0.7334	241,652

10.0 HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Shares traded on Bursa Securities in the preceding twelve (12) months were as follows:

Month	Lowest (RM)	Highest (RM)
August 2020	0.290	0.435
September 2020	0.400	0.535
October 2020	0.420	0.720
November 2020	0.410	0.640
December 2020	0.490	0.590
January 2021	0.545	0.700
February 2021	0.645	0.820
March 2021	0.580	0.700
April 2021	0.665	0.770
May 2021	0.685	0.890
June 2021	0.605	0.750
July 2021	0.625	0.750

Last transacted price on 20 August 2021, being the latest practicable date prior to printing of the Annual Report 2021 was RM0.73.

(Source: www.investing.com)

STATEMENT OF PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES

(Cont'd)

11.0 PROPOSED INTENTION OF THE DIRECTORS TO DEAL WITH THE SHARES BOUGHT BACK

All the Purchased Shares, when the Proposed Renewal of Share Buy-Back is exercised, shall be dealt with in the following manner:

- (a) cancel the Shares so purchased;
- (b) retain the Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled;
- (c) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (d) retain part of the Shares so purchased as Treasury Shares and cancel the remainder; or
- (e) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

12.0 PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 20 August 2021, the public shareholding spread of the Company was approximately 47.68%. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of PHB shall not fall below 25% of the total number of issued Shares of the Company at all times pursuant to the Proposed Renewal of Share Buy-Back, in accordance with Paragraph 12.14 of the Listing Requirements.

13.0 DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Renewal of Share Buy-Back described above is in the best interest of the Company.

14.0 DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 27th AGM of the Company to give effect to the Proposed Renewal of Share Buy-Back.

15.0 RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading.

16.0 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company during working hours from Mondays to Fridays (excluding public holidays and days on which the Registered Office of the Company is closed due to regulations imposed by the Malaysian government to curb the spread of COVID-19 pandemic) from the date of this Annual Report up to and including the date of AGM:

- (a) the Constitution of the Company; and
- (b) the Audited Financial Statements of the Group for past two (2) financial years ended 31 May 2020 and 31 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. Audit fees and Non-audit Fees

The audit fees and non-audit fees payable to the external auditors, KPMG PLT and the local affiliates of KPMG PLT during the financial year ended 31 May 2021 ("FYE2021") were as follows:

	Group (RM)	Company (RM)
Audit fees	260,638	36,000
Non-audit fees	136,180	34,680
Total	<u>396,818</u>	<u>70,680</u>

The recurring non-audit services include review of audit work papers of certain foreign subsidiaries, annual tax compliance and annual review of the Statement on Risk Management and Internal Control.

2. Material Contracts

There were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest during FYE2021.

3. Status of Utilisation of Proceeds Raised from any Proposal

There were no proceeds raised by the Company from any corporate proposals during FYE2021.

4. Recurrent Related Party Transactions ("RRPT") for FYE2021

The aggregate value of RRPT conducted pursuant to the shareholders' mandate during FYE2021 are as follows:

Provider of goods and services	Recipient of goods and services	Nature of Transactions	Amount (RM)	Related Parties
PW Jit Seng Plastic Material Sdn Bhd ("PW Jit Seng")	PHB Group	Purchase of raw materials	1,949,503	<p>Chew Weng Khak Realty Sdn Bhd ("CWKR") is a major shareholder of PHB and PW Jit Seng.</p> <p>Dato' Seri Chew Weng Khak @ Chew Weng Kiak ("Dato' Seri Chew") is a Director and major shareholder of PHB and PW Jit Seng via CWKR.</p> <p>Chew Chuon Jin, Dixon ("Dixon Chew") a Director and shareholder of PHB, is also a Director of PW Jit Seng and Director of CWKR.</p> <p>Chew Chuon Ghee, Vincent ("Vincent Chew") and Chew Chuon Fang, Nelson ("Nelson Chew") are Directors and shareholders of PHB. Both are also a Directors of CWKR.</p> <p>Dixon Chew, Vincent Chew and Nelson Chew are brothers and they are sons of Dato' Seri Chew.</p>
Syarikat Perkapalan Soo Hup Seng Sdn Bhd ("Soo Hup Seng")	PHB Group	Shipping services	112,821	<p>Dato' Tahir Jalaluddin Bin Hussain ("Dato Tahir") is a Director of PHB and Soo Hup Seng.</p> <p>Dato' Tan Ah Lee is a Director of Soo Hup Seng and is the brother in law of Dato' Seri Chew.</p>

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

4. Recurrent Related Party Transactions ("RRPT") for FYE2021 (Cont'd)

The aggregate value of RRPT conducted pursuant to the shareholders' mandate during FYE2021 are as follows: (Cont'd)

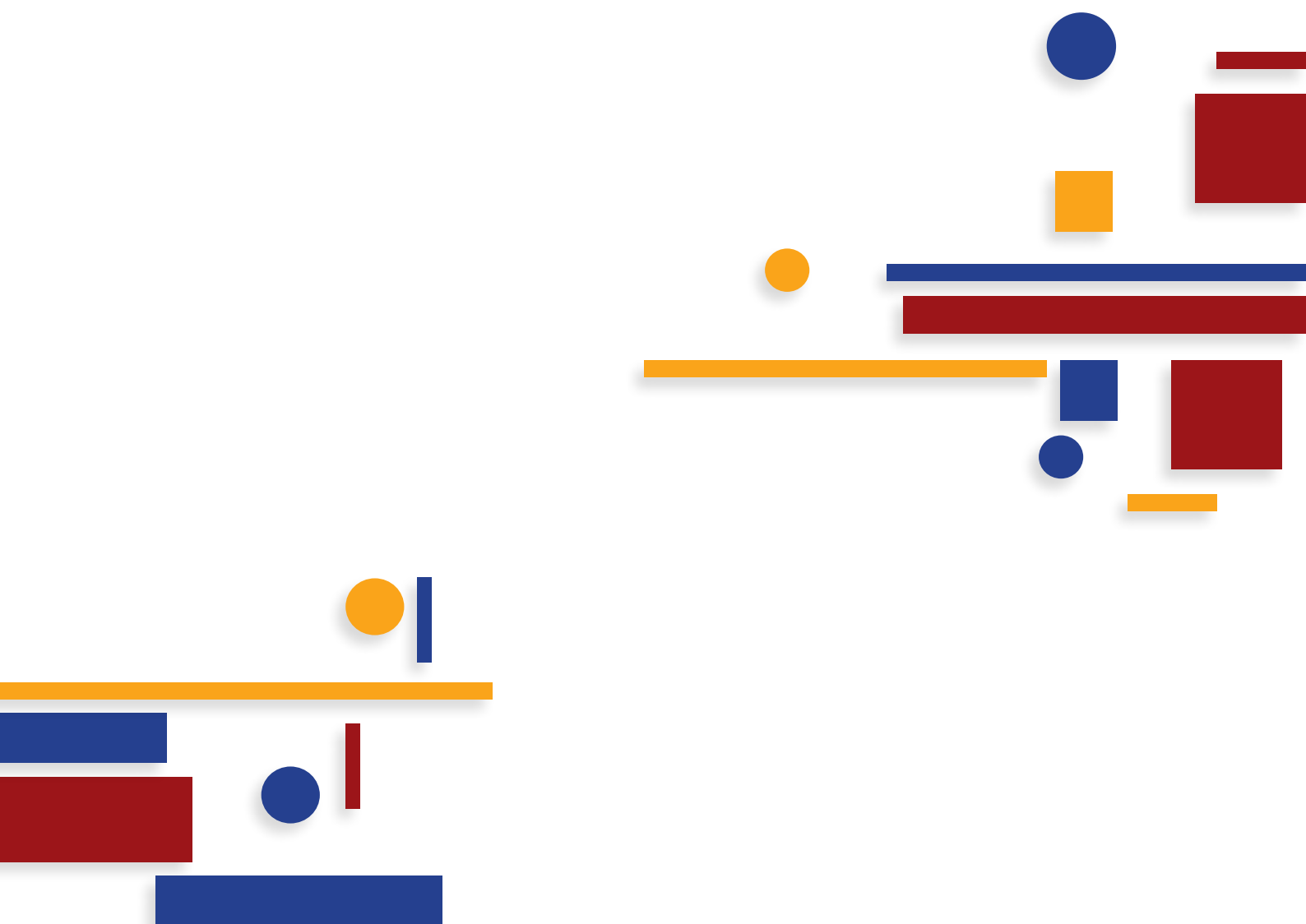
Provider of goods and services	Recipient of goods and services	Nature of Transactions	Amount (RM)	Related Parties
PT Pensonic Appliances Indonesia ("PTPAI")	PHB Group	Sale of electrical appliances	2,651,105	<p>PHB is the holding company of PTPAI. The remaining 48%, in PTPAI is held by Chew Chun Chia, Nick ("Nick Chew") (16%) and Alex Tumondo Tan (33%).</p> <p>Nick Chew, the Director and shareholder of PTPAI, is a son of Dato' Seri Chew.</p> <p>Dato' Seri Chew, a Director and major shareholder of PHB, is also a Director of PTPAI. Dixon Chew, Vincent Chew and Nelson Chew are Directors and shareholders of PHB. Dixon Chew is also a Director of PTPAI.</p> <p>Dixon Chew, Vincent Chew, Nelson Chew and Nick Chew are brothers and they are sons of Dato' Seri Chew.</p>

PRO-
INSPIRED
DESIGNS
 LEBENSSTIL
 KOLLEKTION



FINANCIAL STATEMENTS CONTENTS

Directors' Report	47	Notes to the Financial Statements	61
Statements of Financial Position	52	Statement by Directors	124
Statements of Profit or Loss and Other Comprehensive Income	53	Statutory Declaration	125
Consolidated Statement of Changes in Equity ...	54	Independent Auditors' Report	126
Statement of Changes in Equity	56		
Statements of Cash Flows	57		



DIRECTORS' REPORT

for the year ended 31 May 2021

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2021.

Principal activities

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

Subsidiaries

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

Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	15,819,184	1,659,181
Non-controlling interests	(337,472)	-
	<u>15,481,712</u>	<u>1,659,181</u>

Reserves and provisions

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

Dividends

Since the end of the previous financial year, a single interim dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 May 2021 totalling RM1,597,421 was declared on 26 January 2021 and paid on 15 March 2021.

A final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 May 2021 has been recommended by the Directors on 27 August 2021, subject to the approval of the Company's shareholders at the fourthcoming Annual General Meeting.

Directors of the Company

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

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Chew Chuon Jin
Chew Chuon Ghee
Chew Chuon Fang
Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain
Ong Huey Min

DIRECTORS' REPORT

for the year ended 31 May 2021

(Cont'd)

Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year until the date of this report are:

Alex Tumondo Tan
Chew Chun Jia
Koh Wan Tiong

Directors' interests in shares

The interests and deemed interests in the ordinary shares and warrants 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 spouse and/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 31.5.2021
	Balance at 1.6.2020	Bought	(Sold)	
Interests in the Company:				
Direct interests:				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak				
- own	9,817,800	1,216,500	-	11,034,300
- others*	6,200,000	-	-	6,200,000
Chew Chuon Jin				
- own	7,898,400	-	-	7,898,400
- others*	16,800	-	-	16,800
Chew Chuon Ghee - own	8,704,000	-	-	8,704,000
Chew Chuon Fang - own	6,181,000	-	-	6,181,000
Deemed interests:				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	25,103,024	958,900	-	26,061,924



DIRECTORS' REPORT

for the year ended 31 May 2021

(Cont'd)

Directors' interests in shares (Cont'd)

	Number of warrants 2014/2024			Balance at 31.5.2021
	Balance at 1.6.2020	Bought	(Sold)	
Interests in the Company:				
Direct interests:				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak				
- own	8,400,000	-	-	8,400,000
- others*	420,000	-	-	420,000
Chew Chuon Jin				
- own	5,485,700	-	-	5,485,700
- others*	10,000	-	-	10,000
Chew Chuon Ghee - own	2,002,000	-	-	2,002,000
Chew Chuon Fang - own	2,877,000	-	-	2,877,000

Deemed interests:

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	10,669,912	-	-	10,669,912
---	------------	---	---	------------

* These are shares and warrants held by the spouse/children and are regarded as interests of the Directors pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of his interests in the shares of the Company, Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak is also deemed to be interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest.

None of the other Directors holding office at 31 May 2021 had any interest in the ordinary shares or warrants of the Company and of its related corporations during the financial year.

Warrants

As at the end of the financial year, the Company has the following outstanding warrants :

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding at 31.5.2021
Warrants 2014/2024	RM0.60	20.01.2024	64,834,000

The warrants 2014/2024 were constituted under the Deed Poll dated 18 November 2013. The salient terms of the warrants are disclosed in Note 13.2 to the financial statements.

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 and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those transactions entered in the ordinary course of business between certain related corporations with companies in which certain Directors have a substantial financial interest as disclosed in Note 23 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.

DIRECTORS' REPORT

for the year ended 31 May 2021

(Cont'd)

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.

Indemnity and insurance costs

The total cost of insurance effected for Directors and officers of the Group and of the Company was RM5,500 for a total sum insured of RM2,000,000. There was no indemnity given to or insurance effected for the auditors of the Group and 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, other than the property, plant and equipment and inventories written off due to a fire incident at one of the Group's premises, the insurance claim therefrom and the impairment on investments in subsidiaries as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 May 2021 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

Details of the significant event are disclosed in Note 28 to the financial statements.

Subsequent event

The details of such event are disclosed in Note 30 to the financial statements.



DIRECTORS' REPORT

for the year ended 31 May 2021

(Cont'd)

Auditors

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

The auditors' remuneration is disclosed in Note 18 to the financial statements.

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

.....
Y. Bhg. Dato' Seri Chew Weng Khak
@ Chew Weng Kiak

Director

.....
Chew Chuon Ghee

Director

Penang,

Date : 27 September 2021

STATEMENTS OF FINANCIAL POSITION

as at 31 May 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Property, plant and equipment	3	115,639,065	125,512,828	44,299,827	45,584,266
Investment properties	4	3,874,730	-	-	-
Intangible assets	5	870,000	870,000	-	-
Investments in subsidiaries	6	-	-	43,239,357	45,370,697
Investments in associates	7	1,364,917	550,733	737,485	146,825
Deferred tax assets	8	562,034	476,765	-	-
Total non-current assets		122,310,746	127,410,326	88,276,669	91,101,788
Inventories	9	68,470,899	44,595,617	-	-
Trade and other receivables	10	66,970,893	58,924,823	3,850,924	3,163,633
Current tax assets		733,965	738,780	-	-
Fixed deposits	11	527,528	512,749	-	-
Cash and bank balances		22,359,087	26,146,062	476,506	37,126
Total current assets		159,062,372	130,918,031	4,327,430	3,200,759
Total assets		281,373,118	258,328,357	92,604,099	94,302,547
Equity					
Share capital	12	67,670,893	67,670,893	67,670,893	67,670,893
Reserves	13	60,889,770	49,149,580	21,576,347	23,469,225
Total equity attributable to owners of the Company		128,560,663	116,820,473	89,247,240	91,140,118
Non-controlling interests	6	1,319,335	1,751,117	-	-
Total equity		129,879,998	118,571,590	89,247,240	91,140,118
Liabilities					
Loans and borrowings	14	35,809,846	40,329,161	-	-
Lease liabilities		118,318	780,234	-	-
Deferred tax liabilities	8	253,000	220,000	42,000	42,000
Total non-current liabilities		36,181,164	41,329,395	42,000	42,000
Trade and other payables	15	63,702,286	39,728,097	3,308,863	3,115,429
Loans and borrowings	14	45,786,560	51,884,920	-	-
Lease liabilities		336,287	837,437	-	-
Current tax liabilities		5,486,823	5,976,918	5,996	5,000
Total current liabilities		115,311,956	98,427,372	3,314,859	3,120,429
Total liabilities		151,493,120	139,756,767	3,356,859	3,162,429
Total equity and liabilities		281,373,118	258,328,357	92,604,099	94,302,547

The notes on pages 61 to 123 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 May 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	16	339,159,325	280,070,653	5,800,000	10,700,000
Cost of sales		(271,068,676)	(233,677,068)	-	-
Gross profit		68,090,649	46,393,585	5,800,000	10,700,000
Other income		4,165,132	12,111,675	1,233,133	1,088,194
Selling and distribution expenses		(24,924,247)	(21,202,400)	-	-
Administrative expenses		(27,071,406)	(29,987,316)	(5,286,124)	(2,700,720)
Results from operating activities		20,260,128	7,315,544	1,747,009	9,087,474
Finance costs	17	(3,282,549)	(4,224,135)	-	-
Share of results of associates		223,524	11,368	-	-
Profit before tax	18	17,201,103	3,102,777	1,747,009	9,087,474
Tax expense	19	(1,719,391)	(540,924)	(87,828)	(71,106)
Profit for the year		15,481,712	2,561,853	1,659,181	9,016,368
Other comprehensive (expense)/ income, net of tax:					
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		(621,245)	467,847	-	-
Total comprehensive income for the year		14,860,467	3,029,700	1,659,181	9,016,368
Profit attributable to:					
Owners of the Company		15,819,184	2,881,708	1,659,181	9,016,368
Non-controlling interests		(337,472)	(319,855)	-	-
		15,481,712	2,561,853	1,659,181	9,016,368
Total comprehensive income attributable to:					
Owners of the Company		15,292,249	3,519,940	1,659,181	9,016,368
Non-controlling interests		(431,782)	(490,240)	-	-
		14,860,467	3,029,700	1,659,181	9,016,368
Basic/Diluted earnings per ordinary share (sen)	21	12.32	2.22		

The notes on pages 61 to 123 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 May 2021

Group	Attributable to owners of the Company					Distributable			Total equity RM
	Share capital RM	Foreign currency translation reserve RM	Warrants reserve RM	Capital reserve RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	
At 1 June 2019	67,670,893	86,217	6,483,400	4,487,540	(638,792)	35,211,275	113,300,533	2,272,987	115,573,520
Profit for the year	-	-	-	-	-	2,881,708	2,881,708	(319,855)	2,561,853
Other comprehensive income for the year	-	638,232	-	-	-	-	638,232	(170,385)	467,847
- Foreign exchange translation differences for foreign operations	-	638,232	-	-	-	-	638,232	(170,385)	467,847
Total comprehensive income for the year	-	638,232	-	-	-	2,881,708	3,519,940	(490,240)	3,029,700
Transaction with owners of the Company:	-	-	-	-	-	-	-	(31,630)	(31,630)
Capital distribution by a subsidiary	-	-	-	-	-	-	-	(31,630)	(31,630)
At 31 May 2020	67,670,893	724,449	6,483,400	4,487,540	(638,792)	38,092,983	116,820,473	1,751,117	118,571,590

Note 12

Note 13



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 May 2021

(Cont'd)

Group	Attributable to owners of the Company										Total equity RM
	Share capital RM	Foreign currency translation reserve RM	Warrants reserve RM	Treasury share RM	Capital reserve RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM	
	Non-distributable					Distributable					
At 1 June 2020	67,670,893	724,449	6,483,400	-	4,487,540	(638,792)	38,092,983	116,820,473	1,751,117	118,571,590	
Profit for the year	-	-	-	-	-	-	15,819,184	15,819,184	(337,472)	15,481,712	
Other comprehensive expense for the year	-	(526,935)	-	-	-	-	-	(526,935)	(94,310)	(621,245)	
- Foreign exchange translation differences for foreign operations	-	(526,935)	-	-	-	-	-	(526,935)	(94,310)	(621,245)	
Total comprehensive income/(expense) for the year	-	(526,935)	-	-	-	-	15,819,184	15,292,249	(431,782)	14,860,467	
Transaction with owners of the Company:											
Dividend paid (Note 22)	-	-	-	-	-	-	(1,597,421)	(1,597,421)	-	(1,597,421)	
Own shares acquired	-	-	-	(1,954,638)	-	-	-	(1,954,638)	-	(1,954,638)	
Total transactions with owners of the Company	-	-	-	(1,954,638)	-	-	(1,597,421)	(3,552,059)	-	(3,552,059)	
At 31 May 2021	67,670,893	197,514	6,483,400	(1,954,638)	4,487,540	(638,792)	52,314,746	128,560,663	1,319,335	129,879,998	

Note 12

Note 13

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 May 2021

	← Non-distributable →			→ Distributable	Total equity RM
	Share capital RM	Treasury Share RM	Warrants reserve RM	Retained earnings RM	
Company					
At 1 June 2019	67,670,893	-	6,483,400	7,969,457	82,123,750
Profit and total comprehensive income for the year	-	-	-	9,016,368	9,016,368
At 31 May 2020/1 June 2020	67,670,893	-	6,483,400	16,985,825	91,140,118
Profit and total comprehensive income for the year	-	-	-	1,659,181	1,659,181
Own shares acquired	-	(1,954,638)	-	-	(1,954,638)
Dividend paid (Note 22)	-	-	-	(1,597,421)	(1,597,421)
At 31 May 2021	67,670,893	(1,954,638)	6,483,400	17,047,585	89,247,240
	Note 12	Note 13	Note 13	Note 13	

The notes on pages 61 to 123 are an integral part of these financial statements.



STATEMENTS OF CASH FLOWS

for the year ended 31 May 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Profit before tax		17,201,103	3,102,777	1,747,009	9,087,474
Adjustments for:					
Depreciation of property, plant and equipment	3	6,922,425	7,178,702	1,284,439	1,283,955
Dividend income from subsidiaries	16	-	-	(5,800,000)	(10,700,000)
Interest expense		3,212,925	4,084,866	-	-
Accretion of interest on lease liabilities	17	69,624	139,269	-	-
Loss/(Gain) on disposal of property, plant and equipment and right-of-use assets	18	527,168	(9,431,321)	-	-
Gain on derecognition of right-of-use assets		(18,444)	-	-	-
Gain on disposal of asset classified as held for sales	18	-	(436,318)	-	-
Property, plant and equipment written off	18	2,711,796	47,657	-	-
Interest income	18	(108,598)	(86,128)	(491)	(35,870)
Share of results of associates		(223,524)	(11,368)	-	-
Impairment loss on investments in subsidiaries		-	-	2,553,240	-
Operating profit/(loss) before working capital changes		30,294,475	4,588,136	(215,803)	(364,441)

STATEMENTS OF CASH FLOWS

for the year ended 31 May 2021

(Cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Changes in working capital:					
Inventories		(23,829,083)	25,996,337	-	-
Trade and other receivables		(8,471,993)	9,066,167	1,005,988	998,784
Trade and other payables		24,190,059	(3,023,031)	193,434	(2,750,657)
Cash generated from/(used in) operations		22,183,458	36,627,609	983,619	(2,116,314)
Tax paid		(2,256,940)	(948,763)	(86,832)	(101,106)
Net cash from/(used in) operating activities		19,926,518	35,678,846	896,787	(2,217,420)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment and right-of-use assets		322,918	18,151,487	-	-
Proceeds from disposal of assets classified as held for sale		-	640,000	-	-
Purchase of property, plant and equipment	3.1	(3,710,968)	(24,377,586)	-	(19,333)
Interest received		108,598	86,128	491	35,870
Dividends received	C	-	-	4,106,721	4,700,000
Investments in subsidiaries		-	-	(421,900)	(2,620,000)
Investment in an associate		(590,660)	-	(590,660)	-
Net cash (used in)/from investing activities		(3,870,112)	(5,499,971)	3,094,652	2,096,537



STATEMENTS OF CASH FLOWS

for the year ended 31 May 2021

(Cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from financing activities					
(Repayment)/Drawdown of:					
- bankers' acceptances	14.1	(2,224,815)	(18,352,399)	-	-
- revolving credits	14.1	(692,255)	(6,190,000)	-	-
- hire purchase creditors	14.1	(846,082)	(187,864)	-	-
- term loans	14.1	(3,799,536)	932,142	-	-
- lease liabilities	14.1	(807,255)	(856,643)	-	-
Placement of fixed deposits		(14,779)	(15,230)	-	-
Capital distribution by a subsidiary		-	(31,630)	-	-
Repurchase of treasury share	13.3	(1,954,638)	-	(1,954,638)	-
Dividend paid to owners of the Company	22	(1,597,421)	-	(1,597,421)	-
Interest paid	17	(3,282,549)	(5,097,683)	-	-
Net cash used in financing activities		(15,219,330)	(29,799,307)	(3,552,059)	-
Net increase/(decrease) in cash and cash equivalents		837,076	379,568	439,380	(120,883)
Effects of exchange differences on cash and cash equivalents		(445,064)	91,640	-	-
Cash and cash equivalents at 1 June		20,737,668	20,266,460	37,126	158,009
Cash and cash equivalents at 31 May	A	21,129,680	20,737,668	476,506	37,126

STATEMENTS OF CASH FLOWS

for the year ended 31 May 2021

(Cont'd)

Notes:

A. Cash and cash equivalents

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	22,359,087	26,146,062	476,506	37,126
Bank overdrafts (Note 14)	(1,229,407)	(5,408,394)	-	-
	21,129,680	20,737,668	476,506	37,126

B. Cash outflows for leases as a lessee

	Note	Group	
		2021 RM	2020 RM
Included in net cash from operating activities:			
Payment relating to:			
- short-term leases	18	545,332	534,317
- leases of low-value assets	18	41,252	45,041
Included in net cash from financing activities:			
Payment of lease liabilities	14.1	807,255	856,643
Interest paid in relation to lease liabilities	17	69,624	139,269
		1,463,463	1,575,270

C. Dividends received

During the financial year, the Company received dividends by way of the following:

	Company	
	2021 RM	2020 RM
Cash payment	4,106,721	4,700,000
Set-off against amount due to a subsidiary	-	3,989,319
	4,106,721	8,689,319

The notes on pages 61 to 123 are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business

1165, Lorong Perindustrian Bukit Minyak 16
Taman Perindustrian Bukit Minyak
14100 Simpang Ampat
Penang

Registered office

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

The consolidated financial statements of the Company as at and for the financial year ended 31 May 2021 comprise the Company and its subsidiaries (together referred to as "the Group" and individually referred to as "Group entities") and the Group's interests in associates.

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 September 2021.

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 standard and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs 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 2021*

MFRSs 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)*

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

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

- MFRS 17, *Insurance Contracts*
- 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 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 amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 3.4.1 - Extension options and incremental borrowing rate in relation to leases
- Note 9 - Inventories

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

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

(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) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

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

(v) Associates

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) 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 re-measured. 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 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 the investment includes transaction costs.

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value 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.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Foreign currency (Cont'd)

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

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

(c) Financial instruments

(i) Recognition and initial measurement

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

A financial 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.

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(h)(i)) where the effective interest rate is applied to the amortised cost.

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

(iii) Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at 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.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or 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 the consideration received (including any new asset obtained less any new liability assumed) is recognised in the 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.

(v) 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.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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. Freehold land is not depreciated. Capital-work-in-progress are not depreciated until the assets are ready for their intended use.

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

	Years
Buildings	50
Computers	2 - 10
Renovation and electrical installation	8 - 10
Plant and machinery	8 - 10
Furniture, fittings and office equipment	3 - 20
Motor vehicles	5 - 10
Signboards and showcases	10

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

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

(i) Definition of a lease (Cont'd)

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 and the Company are 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 rate. 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; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

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 acts 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, *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group and the Company are an intermediate lessor, they account for their interests in the head lease and the sublease separately. They assess 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 and the Company apply the exemption described above, then it classifies the sublease as an operating lease.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

(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.

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 and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group 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" or "other income".

(f) Intangible assets

(i) Trademark

Trademark with indefinite useful life is measured at cost less any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Trademark with indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Investment properties

Investment properties are properties which are owned or right-of-use asset held under contract lease 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.

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).

Cost includes expenditure that is attributable to the acquisition of the investment property. 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.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Investment properties (Cont'd)

Transfers between investment properties and property, plant and equipment 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 life ranging from 50 - 60 years. The residual value, useful life and depreciation method are reviewed at the end of the reporting period, and adjusted as appropriate.

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.

(h) 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 for which credit risk has not increased significantly since initial recognition, 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 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.

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 amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories 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 intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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 amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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

(i) Inventories

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

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

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

(j) Cash and cash equivalents

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

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured 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) Repurchase, disposal and reissue of share capital (treasury shares)

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

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

(m) 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 goods or services 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) Dividend income

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

(iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from subleased property is recognised as other income.

(iv) Interest income

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

(v) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) 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.

(o) 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 on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

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

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Employee benefits (Cont'd)

(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 of the end of the reporting period, then they are discounted.

(q) Earnings per share

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

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

Diluted EPS is 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 and for the effects of all dilutive potential ordinary shares, which comprise warrants granted to shareholders.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case are the Chief Executive Officer and Managing Director 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.

(s) 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.

(t) Fair value measurements

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

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

(u) Contract liability

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.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Right-of-use assets											Total RM
	Leasehold land RM	Buildings RM	Land RM	Buildings RM	Computers RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboards and showcases RM	Capital work- in-progress RM	
At 1 June 2019	20,575,920	2,346,993	20,511,123	59,858,683	5,391,030	8,834,017	25,709,934	6,557,096	5,821,457	1,397,912	10,684,906	167,689,071
Additions	-	110,781	-	5,839,124	339,334	239,041	349,132	1,893,430	696,274	-	16,351,309	25,818,425
Disposals	(7,720,242)	-	-	(4,247,836)	(223,739)	(2,276,684)	(5,140,676)	(724,591)	(77,526)	(159,055)	-	(20,570,349)
Write-off	-	-	-	-	-	(54,088)	(46,785)	(6,800)	(21,128)	-	-	(128,801)
Exchange difference	-	19,212	-	-	1,150	740	-	4,833	(129)	-	-	25,806
Reclassification	-	-	574,237	26,461,978	-	-	-	-	-	-	(27,036,215)	-
At 31 May 2020/ 1 June 2020	12,855,678	2,476,986	21,085,360	87,911,949	5,507,775	6,743,026	20,871,605	7,723,968	6,418,948	1,238,857	-	172,834,152
Additions	-	255,158	-	2,108,420	665,051	331,721	231,134	225,518	1,268,924	4,200	-	5,090,126
Disposals	-	-	-	-	(19,588)	-	(2,380,399)	(57,267)	(1,079,757)	-	-	(3,537,011)
Write-off	-	-	-	(2,653,068)	(212,003)	(2,451,940)	(185,344)	(842,996)	(9,610)	(323,510)	-	(6,678,471)
Transfer to investment properties	(1,523,532)	-	-	(5,727,028)	-	-	-	-	-	-	-	(7,250,560)
Exchange difference	-	(68,013)	-	-	455	(3,819)	-	(15,082)	(4,175)	-	-	(90,634)
Derecognition	-	(1,623,994)	-	-	-	-	-	-	-	-	-	(1,623,994)
At 31 May 2021	11,332,146	1,040,137	21,085,360	81,640,273	5,941,690	4,618,988	18,536,996	7,034,141	6,594,330	919,547	-	158,743,608

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

Group	← Right-of-use assets →											Total RM
	Leasehold land RM	Buildings RM	Land RM	Buildings RM	Computers RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboards and showcases RM	Capital work- in-progress RM	
At 1 June 2019	4,996,186	-	-	9,377,959	4,288,614	6,769,801	17,907,165	4,144,725	3,861,624	719,156	-	52,065,230
Depreciation for the year	247,928	913,608	-	1,322,339	417,283	404,856	2,255,241	642,262	836,982	138,203	-	7,178,702
Disposals	(2,260,673)	-	-	(1,746,513)	(218,753)	(1,666,034)	(5,118,780)	(665,627)	(77,524)	(96,279)	-	(11,850,183)
Write-off	-	-	-	-	-	(11,977)	(46,781)	(1,267)	(21,119)	-	-	(81,144)
Exchange difference	-	3,036	-	-	910	(61)	-	4,847	(13)	-	-	8,719
At 31 May 2020/ 1 June 2020	2,983,441	916,644	-	8,953,785	4,488,054	5,496,585	14,996,845	4,124,940	4,599,950	761,080	-	47,321,324
Depreciation for the year	238,998	794,401	-	1,726,860	437,514	261,388	1,779,024	781,693	815,945	86,602	-	6,922,425
Disposals	-	-	-	-	(17,722)	-	(1,700,926)	(46,701)	(921,576)	-	-	(2,686,925)
Write-off	-	-	-	(366,543)	(207,148)	(2,071,647)	(185,324)	(829,368)	(9,609)	(297,036)	-	(3,966,675)
Transfer to investment properties	(685,586)	-	-	(2,690,244)	-	-	-	-	-	-	-	(3,375,830)
Exchange difference	-	(30,508)	-	-	324	(1,618)	-	(6,221)	(535)	-	-	(38,558)
Derecognition	-	(1,071,218)	-	-	-	-	-	-	-	-	-	(1,071,218)
At 31 May 2021	2,536,853	609,319	-	7,623,858	4,701,022	3,684,708	14,889,619	4,024,343	4,484,175	550,646	-	43,104,543



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

Group	◀Right-of-use assets ▶										Total RM	
	Leasehold land RM	Buildings RM	Land RM	Buildings RM	Computers RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboards and showcases RM		Capital work- in-progress RM
At 1 June 2019	15,579,734	2,346,993	20,511,123	50,480,724	1,102,416	2,064,216	7,802,769	2,412,371	1,959,833	678,756	10,684,906	115,623,841
At 31 May 2020/ 1 June 2020	9,872,237	1,560,342	21,085,360	78,958,164	1,019,721	1,246,441	5,874,760	3,599,028	1,818,998	477,777	-	125,512,828
At 31 May 2021	8,795,293	430,818	21,085,360	74,016,415	1,240,668	934,280	3,647,377	3,009,798	2,110,155	368,901	-	115,639,065

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

Company	Right-of-use assets RM	Buildings RM	Furniture, fittings and office equipment RM	Computers RM	Total RM
Cost					
At 1 June 2019	6,300,899	43,244,831	2,735,716	92,569	52,374,015
Additions	-	-	19,333	-	19,333
At 31 May 2020/ 1 June 2020/31 May 2021	6,300,899	43,244,831	2,755,049	92,569	52,393,348
Accumulated depreciation					
At 1 June 2019	943,453	3,459,585	1,085,061	37,028	5,525,127
Depreciation for the year	134,779	864,896	275,023	9,257	1,283,955
At 31 May 2020/1 June 2020	1,078,232	4,324,481	1,360,084	46,285	6,809,082
Depreciation for the year	134,779	864,896	275,507	9,257	1,284,439
At 31 May 2021	1,213,011	5,189,377	1,635,591	55,542	8,093,521
Carrying amounts					
At 1 June 2019	5,357,446	39,785,246	1,650,655	55,541	46,848,888
At 31 May 2020/1 June 2020	5,222,667	38,920,350	1,394,965	46,284	45,584,266
At 31 May 2021	5,087,888	38,055,454	1,119,458	37,027	44,299,827



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

3.1 Additions to property, plant and equipment

The additions to property, plant and equipment of the Group and of the Company during the financial year were acquired as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total additions	5,090,126	25,818,425	-	19,333
Less: Assets acquired under hire purchase/lease arrangements	(1,379,158)	(567,291)	-	-
Interest capitalised (Note 17)	-	(873,548)	-	-
Amount paid by cash	3,710,968	24,377,586	-	19,333

3.2 Assets held under hire purchase creditors

The carrying amounts of property, plant and equipment of the Group held under hire purchase creditors are as follows :

	2021 RM	2020 RM
Motor vehicles	1,699,212	1,506,640

3.3 Security

The carrying amount of property, plant and equipment (including right-of-use assets) pledged as securities for borrowings granted to the Group as disclosed in Note 14 are as follows:

	2021 RM	2020 RM
Leasehold land	3,707,406	4,649,570
Freehold land	21,085,360	21,085,360
Buildings	31,693,822	35,908,294
	56,486,588	61,643,224

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

3.4 Right-of-use assets

The Group's and the Company's leases of land, warehouses, apartments and office space run between 2 years to 84 years, with an option to renew some of the leases after the expiry of the initial lease period.

3.4.1 Extension options

The leases for apartments and office space contain extension options exercisable by the Group ranging from 1 year to 5 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	2021 Lease liabilities recognised (discounted) RM'000	2020 Lease liabilities recognised (discounted) RM'000
Group		
Apartments	90,274	99,958
Office space	236,030	524,544
	<u>326,304</u>	<u>624,502</u>

3.4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3.4.3 Restriction imposed by lease

The lease contracts for warehouses, apartments and office space prohibits the Group to sublease the leased assets.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. INVESTMENT PROPERTIES - GROUP

Cost	Leasehold land RM	Building RM	Total RM
At 1 June 2020	-	-	-
Transfer from property, plant and equipment	1,523,532	5,727,028	7,250,560
31 May 2021	1,523,532	5,727,028	7,250,560

Accumulated depreciation

At 1 June 2020	-	-	-
Transfer from property, plant and equipment	685,586	2,690,244	3,375,830
31 May 2021	685,586	2,690,244	3,375,830

Carrying amount

At 31 May 2021	837,946	3,036,784	3,874,730
----------------	----------------	------------------	------------------

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

	2021 RM	2020 RM
Rental income	360,000	-
Direct operating expenses:		
- income generating investment properties	35,342	-

Investment properties comprise a leasehold land together with office building and warehouse that are leased to an external party.

4.1 Security

The above leasehold land and office building are charged as securities for borrowings granted to the Group as disclosed in Note 14.

4.2 Fair value information

The fair value of the investment properties is based on the Directors' estimation using the latest available market information, recent experience and knowledge in the location and category of the property being valued. The fair value of investment properties as at 31 May 2021 is classified as level 3 in the fair value hierarchy and was determined to be approximately RM15 million (2020 : Nil).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The most significant input into this valuation approaches is the price per square foot of approximately RM64 (2020 : Nil), which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower). Subsequent to the end of the reporting period, the Group has also received an offer to acquire the investment properties for a total purchase consideration of RM15,800,000 (see Note 30).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. INTANGIBLE ASSETS - GROUP

Trademark
RM

Cost

At 1 June 2019/31 May 2020/1 June 2020/31 May 2021

870,000

The trademark relates to the "Cornell" brand name that was acquired in a business combination by way of an assignment of full and absolute rights from the registered proprietor.

As those rights were assigned without any specified time frame and the Directors believe that there is no foreseeable limit to the period over which the brand is expected to generate cash inflows for the Group, the trademark is assessed to have an indefinite useful life subject to use in good faith.

Impairment testing for cash generating units ("CGU") containing trademark

The recoverable amount of trademark is determined based on value-in-use calculation using cash flow projections and financial budgets approved by the Directors covering a period of 5 years (2020 : 5 years). The value-in-use calculation is determined by discounting the future cash flows using a pre-tax discount rate of 5.40% (2020 : 4.70%).

The values assigned to the key assumptions (e.g. sales growth rates and gross margins) represent the Directors' assessment of future trends of the business and are based on both external and internal sources (historical data).

6. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2021 RM	2020 RM
Investments, at cost	45,792,597	46,390,697
Less : Impairment losses	(2,553,240)	(1,020,000)
	43,239,357	45,370,697

During the financial year, the Company subscribed for additional equity interests in subsidiaries for a total cash consideration of RM421,900 (2020 : RM2,620,000) and recognised impairment losses amounting to RM2,553,240 (2020 : Nil) for certain subsidiaries.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2021 %	2020 %	
Keat Radio Co. Sdn. Bhd.	Malaysia	100	100	Investment holding company
Pensia Electronic Sdn. Bhd.	Malaysia	100	100	Manufacture, assembly and sale of electrical products
Pensia Industries Sdn. Bhd.	Malaysia	100	100	Manufacture, assembly and sale of electrical products
Pensonic Sales & Service Sdn. Bhd. ("PSS")	Malaysia	100	100	Distribution of electrical and electronic appliances
Cornell Sales & Service Sdn. Bhd.	Malaysia	100	100	Distribution of electrical and electronic appliances

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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 interest and voting interest		Principal activities
		2021 %	2020 %	
Amtek Marketing Services Pte. Ltd. ⁽¹⁾	Singapore	100	100	Marketing and distribution of electrical goods
Pensonic Corporation Sdn. Bhd.	Malaysia	100	100	Provision of management services
Microtag Engineering Sdn. Bhd. ^{(1) and (3)}	Malaysia	-	51	Dormant
Pensonic (Cambodia) Co., Ltd. ⁽¹⁾	Cambodia	100	100	Wholesale and retail sales of household appliances
PT Pensonic Appliances Indonesia ^{(1) and (2)}	Indonesia	51	51	Distribution of electrical and electronic appliances
PT Pensonic Industries Indonesia ^{(1) and (2)}	Indonesia	70	70	Manufacture, assembly and sale of electrical products
Held through Keat Radio Co. Sdn. Bhd.				
Pensonic Industries Sdn. Bhd.	Malaysia	100	100	Distribution of electrical products
Pensonic (H.K.) Corporation Limited ⁽¹⁾	Hong Kong	100	100	Trading of home electrical appliances
Pensonic Parts & Service Sdn. Bhd.	Malaysia	100	100	Trading and servicing of parts for electrical and electronic appliances
Pensia Plastic Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Plastic injection and moulding
Angkasa Pensonic Trading Sdn. Bhd. ^{(1) and (4)}	Malaysia	-	40	Dormant
Held through Pensonic Sales & Service Sdn. Bhd.				
Kollektion Distribution Sdn. Bhd.	Malaysia	100	100	Distribution of home appliances

⁽¹⁾ Not audited by KPMG

⁽²⁾ The unaudited management accounts were consolidated in the Group's financial statements as these subsidiaries were not required by the local legislation to have their financial statements audited

⁽³⁾ Dissolved on 9 October 2020

⁽⁴⁾ Dissolved on 9 February 2021

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)

6.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	PT Pensonic Appliances Indonesia RM	Other subsidiaries with immaterial NCI RM	Total RM
2021			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	<u>1,122,465</u>	<u>196,870</u>	<u>1,319,335</u>
Loss allocated to NCI	<u>(294,165)</u>	<u>(43,307)</u>	<u>(337,472)</u>

	PT Pensonic Appliances Indonesia RM
2021	
Summarised financial information before intra-group elimination	
At 31 May	
Non-current assets	198,231
Current assets	4,758,749
Current liabilities	(2,666,236)
Net assets	<u>2,290,744</u>
2021	
Year ended 31 May	
Revenue	3,535,938
Loss for the year	(600,336)
Total comprehensive expense for the year	<u>(764,369)</u>
Cash flows generated from operating activities	176,755
Cash flows used in investing activities	(83,249)
Cash flows used in financing activities	(2,703)
Net increase in cash and cash equivalents	<u>90,803</u>
Dividends paid to NCI	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)

6.1 Non-controlling interests in subsidiaries (Cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (Cont'd)

	PT Pensonic Appliances Indonesia RM	Other subsidiaries with immaterial NCI RM	Total RM
2020			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	1,497,004	254,113	1,751,117
Loss allocated to NCI	(267,552)	(52,303)	(319,855)

	PT Pensonic Appliances Indonesia RM
2020	

Summarised financial information before intra-group elimination

At 31 May

Non-current assets	166,976
Current assets	4,038,377
Current liabilities	(1,150,242)
Net assets	3,055,111

Year ended 31 May

Revenue	2,323,995
Loss for the year	(546,024)
Total comprehensive expense for the year	(564,405)
Cash flows used in operating activities	(983,811)
Cash flows used in investing activities	(114,171)
Cash flows used in financing activities	(2,909)
Net decrease in cash and cash equivalents	(1,100,891)
Dividends paid to NCI	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)

6.2 There is no significant restriction on the ability of the subsidiaries to transfer funds to the Company and other related companies other than PSS which is confined to the covenants imposed by its lenders.

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Investments, at cost	922,095	331,435	737,485	146,825
Share of post-acquisition reserves	442,822	219,298	-	-
	1,364,917	550,733	737,485	146,825

Details of the associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2021 %	2020 %	
Pensonic (B) Sdn. Bhd. *	Brunei	40	40	Trading of electrical and electronic appliances
Pensonic Appliances (Myanmar) Company Limited	Myanmar	35	35	Trading of electrical and electronic appliances

* Held through Pensonic Corporation Sdn. Bhd.

The Group's and the Company's associates are not individually material to the consolidated financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities of the Group and the Company are attributable to the following:

Group

	Assets		Liabilities		Net	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Property, plant and equipment	-	297,000	(621,000)	(242,000)	(621,000)	55,000
- capital allowance						
- reinvestment allowance	146,000	-	-	-	146,000	-
Right-of-use assets	-	-	(97,000)	(385,000)	(97,000)	(385,000)
Lease liabilities	109,000	396,000	-	-	109,000	396,000
Other temporary differences	772,034	190,765	-	-	772,034	190,765
Tax assets/(liabilities)	1,027,034	883,765	(718,000)	(627,000)	309,034	256,765
Set-off of tax	(465,000)	(407,000)	465,000	407,000	-	-
	562,034	476,765	(253,000)	(220,000)	309,034	256,765

Company

	Liabilities
	2020 RM
Property, plant and equipment	
- capital allowance	42,000
	42,000

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

Movements in temporary differences during the year are as follows:

	At 1 June 2019 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31 May 2020/1 June 2020 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31 May 2021 RM'000
Group					
Property, plant and equipment					
- capital allowance	(442,000)	497,000	55,000	(676,000)	(621,000)
- reinvestment allowance	-	-	-	146,000	146,000
Right-of-use assets	(691,000)	306,000	(385,000)	288,000	(97,000)
Lease liabilities	691,000	(295,000)	396,000	(287,000)	109,000
Other temporary differences	616,553	(425,788)	190,765	581,269	772,034
	174,553	82,212	256,765	52,269	309,034

Company

Property, plant and equipment					
- capital allowance	42,000	-	42,000	-	42,000

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

Unrecognised deferred tax assets - Group

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

	2021 RM	2020 RM
Property, plant and equipment - capital allowance	(1,232,000)	(5,523,000)
Capital allowances carry-forward	580,000	3,014,000
Tax losses carry-forward	12,943,000	15,409,000
Unutilised reinvestment allowance	9,575,000	10,182,000
Other deductible temporary differences	1,196,000	2,607,000
Right-of-use assets	-	(1,059,000)
Lease liabilities	-	1,072,000
	23,062,000	25,702,000

The capital allowances carry-forward are available indefinitely for offsetting against future taxable profits, subject to no substantial change in shareholdings of those entities and guidelines issued under the Income Tax Act, 1967.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

Unrecognised deferred tax assets - Group (Cont'd)

The tax losses carry-forward and unutilised reinvestment allowance will expire in the following years of assessment ("YA") under the current tax legislations of countries in which the entities operate in:

Tax losses carry-forward	2021 RM	2020 RM
Expire in YA 2025	322,000	322,000
Expire in YA 2026	8,139,000	9,537,000
Expire in YA 2027	2,070,000	2,430,000
Expire in YA 2028	2,001,000	-
	12,532,000	12,289,000

Unutilised reinvestment allowance	2021 RM	2020 RM
Expire in YA 2026	9,575,000	9,575,000
Expire in YA 2027	-	607,000
	9,575,000	10,182,000

Other than as disclosed above, the remaining tax losses do not expire under the current tax legislations.

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

9. INVENTORIES - GROUP

	2021 RM	2020 RM
Raw materials	4,423,118	3,623,493
Goods-in-transit	13,756,205	5,239,827
Manufactured and trading inventories	50,291,576	35,732,297
	68,470,899	44,595,617

Recognised in profit or loss:

Inventories recognised as cost of sales	256,541,939	222,631,833
Inventories written off	454,783	-
Inventories written down	1,177,436	146,383

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade receivables		56,219,829	51,633,945	-	-
Amount due from associates	10.1	1,513,978	1,278,704	-	-
		57,733,807	52,912,649	-	-
Non-trade					
Amount due from subsidiaries	10.1	-	-	107,258	813,932
Amount due from an associate	10.1	-	316,397	-	316,397
Other receivables	10.2	4,587,897	2,519,884	-	-
Deposits		768,775	1,228,468	560	560
Prepayments		3,880,414	1,947,425	39,146	22,063
Dividends receivable		-	-	3,703,960	2,010,681
		9,237,086	6,012,174	3,850,924	3,163,633
		66,970,893	58,924,823	3,850,924	3,163,633

10.1 Amounts due from subsidiaries and associates

The trade amount due from associates is subject to normal trade terms.

The non-trade amounts due from subsidiaries and an associate are unsecured, interest-free and repayable on demand.

10.2 Other receivables – Group

Included in other receivables is insurance claim receivable of RM2,867,664 (2020 : Nil) relating to a fire incident. The insurance claim was received subsequent to the end of the reporting period.

11. FIXED DEPOSITS - GROUP

Included in fixed deposits of the Group is RM500,131 (2020 : RM485,754) which are held in lien for borrowings granted to the Group as disclosed in Note 14.

Included in fixed deposits of the Group is RM12,000 (2020 : RM12,000) held in trust by a Director on behalf of the Group.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

12. SHARE CAPITAL - GROUP/COMPANY

	2021		2020	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares, issued and fully paid with no par value classified as equity instruments	67,670,893	129,668,000	67,670,893	129,668,000

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.

13. RESERVES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable:					
Foreign currency translation reserve	13.1	197,514	724,449	-	-
Warrants reserve	13.2	6,483,400	6,483,400	6,483,400	6,483,400
Treasury shares	13.3	(1,954,638)	-	(1,954,638)	-
Capital reserve	13.4	4,487,540	4,487,540	-	-
Other reserve	13.5	(638,792)	(638,792)	-	-
		8,575,024	11,056,597	4,528,762	6,483,400
Distributable:					
Retained earnings		52,314,746	38,092,983	17,047,585	16,985,825
		60,889,770	49,149,580	21,576,347	23,469,225

13.1 Foreign currency translation reserve

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

13.2 Warrants reserve

The warrants reserve represents the consideration of the Warrants 2014/2024 at the date of issue. When the warrants are exercised or expire, the warrants reserve remains in equity, although it may be transferred to another reserve account within equity.

As at 31 May 2021, the Company has the following outstanding warrants:

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 31.5.2021
Warrants 2014/2024	RM0.60	20.01.2024	64,834,000

Warrants 2014/2024 were issued on 21 January 2014 at an issue price of RM0.10 per warrant in conjunction with the rights issue of warrants undertaken by the Company on the basis of one warrant for every two ordinary shares held in the Company. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one ordinary share for every warrant held at an exercise price of RM0.60 per share within ten years from the date of issue of the warrants. The exercise price of the warrants is subject to adjustment from time to time in accordance with the conditions stipulated in the Deed Poll dated 18 November 2013.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

13. RESERVES (Cont'd)

13.3 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an Extraordinary General Meeting held on 18 September 2020, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year ended 31 May 2021, the Company repurchased its issued and paid-up ordinary shares from the open market as follows:

	No. of shares	Cost RM	Purchase price ^(N1)		
			Highest RM	Lowest RM	Average RM
2021					
At beginning of the financial year	-	-	-	-	-
Purchased during the financial year:					
October 2020	479,700	208,359	0.435	0.425	0.432
November 2020	396,900	181,374	0.465	0.430	0.450
December 2020	210,300	112,568	0.545	0.515	0.530
January 2021	787,400	463,407	0.609	0.550	0.579
March 2021	327,300	214,693	0.662	0.620	0.645
April 2021	723,300	532,585	0.756	0.705	0.732
May 2021	317,700	241,652	0.835	0.730	0.781
At end of the financial year	3,242,600	1,954,638	0.835	0.425	0.572

^(N1) Purchase price includes share price, stamp duty, brokerage fee, clearing fee and service tax.

The repurchased ordinary shares were financed by internally generated funds and are held as treasury shares.

13.4 Capital reserve

The capital reserve of the Group represents the statutory reserve of foreign subsidiaries as required by foreign legislations.

13.5 Other reserve

Other reserve comprises the premium paid on acquisition of non-controlling interests in a subsidiary determined as the difference between the consideration paid and the carrying value of the interest acquired.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

14. LOANS AND BORROWINGS - GROUP

	Note	2021 RM	2020 RM
Non-current			
Secured			
Term loans		34,467,102	39,254,320
Hire purchase creditors		1,342,744	1,074,841
		35,809,846	40,329,161
Current			
Unsecured			
Bank overdrafts		260,492	3,635,754
Bankers' acceptances		25,042,850	33,839,390
Revolving credits		3,717,745	4,410,000
		29,021,087	41,885,144
Secured			
Bank overdrafts	14.2	968,915	1,772,640
Bankers' acceptances	14.2	9,587,025	3,015,300
Term loans	14.2	5,569,963	4,582,281
Hire purchase creditors	14.2	639,570	629,555
		16,765,473	9,999,776
		45,786,560	51,884,920
Total loans and borrowings		81,596,406	92,214,081

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

14. LOANS AND BORROWINGS - GROUP (Cont'd)

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

Group	At 31 May 2019 RM	Adjustment on initial application of MFRS 16 RM	At 1 June 2019 RM	Assets acquired under hire purchase/ lease arrangements RM	Net changes from financing cash flows RM	Foreign exchange movements RM	At 31 May 2020 RM	Assets acquired under hire purchase/ lease arrangements RM	Net changes from financing cash flows RM	Derecognition of leases RM	Foreign exchange movements RM	At 31 May 2021 RM
Bankers' acceptances	55,207,089	-	55,207,089	-	(18,352,399)	-	36,854,690	-	(2,224,815)	-	-	34,629,875
Revolving credits	10,600,000	-	10,600,000	-	(6,190,000)	-	4,410,000	-	(692,255)	-	-	3,717,745
Hire purchase creditors	-	1,435,750	1,435,750	456,510	(187,864)	-	1,704,396	1,124,000	(846,082)	-	-	1,982,314
Finance lease liabilities	1,435,750	(1,435,750)	-	-	-	-	-	-	-	-	-	-
Term loans	42,904,459	-	42,904,459	-	932,142	-	43,836,601	-	(3,799,536)	-	-	40,037,065
Lease liabilities	-	2,346,993	2,346,993	110,781	(856,643)	16,540	1,617,671	255,158	(807,255)	(571,220)	(39,749)	454,605
	110,147,298	2,346,993	112,494,291	567,291	(24,654,764)	16,540	88,423,358	1,379,158	(8,369,943)	(571,220)	(39,749)	80,821,604



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

14. LOANS AND BORROWINGS - GROUP (Cont'd)

14.2 Security

The bank overdrafts, bankers' acceptances, revolving credits, term loans and hire purchase creditors are secured by the following:

- (i) a first party legal charge over certain lands, buildings, plant and machinery and investment properties of the Group and the Company as disclosed in Note 3 and Note 4 respectively;
- (ii) fixed deposits as disclosed in Note 11;
- (iii) corporate guarantee by the Company; and
- (iv) joint and several guarantee by certain Directors of the Company.

15. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade payables		29,072,679	20,733,149	-	-
Trade accruals		13,364,568	5,239,827	-	-
Amount due to a company in which certain Directors have a substantial financial interest	15.1	577,488	137,104	-	-
		43,014,735	26,110,080	-	-
Non-trade					
Amount due to subsidiaries	15.1	-	-	2,887,962	2,823,006
Amount due to an associate	15.1	58,358	-	58,358	-
Amount due to companies in which certain Directors have a substantial financial interest	15.1	156,353	-	-	-
Other payables	15.2	7,284,566	3,775,744	120,814	62,095
Deposits received		14,420	15,520	-	-
Accruals		13,173,854	9,826,753	241,729	230,328
		20,687,551	13,618,017	3,308,863	3,115,429
		63,702,286	39,728,097	3,308,863	3,115,429

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. TRADE AND OTHER PAYABLES (Cont'd)

15.1 Amounts due to subsidiaries, an associate and companies in which certain Directors have a substantial financial interest

The trade amount due to a company in which certain Directors have a substantial financial interest is subject to normal trade terms.

The non-trade amounts due to subsidiaries, an associate and companies in which certain Directors have a substantial financial interest are unsecured, interest-free and repayable on demand.

15.2 Other payables- Group

Included in the other payables is contract liabilities of RM1,518,395 (2020 : RM490,462) comprising advance consideration received from customers where the revenue is recognised at point in time.

16. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers	339,159,325	280,070,653	-	-
Dividend income	-	-	5,800,000	10,700,000
	339,159,325	280,070,653	5,800,000	10,700,000

16.1 Disaggregation of revenue - Group

	2021 RM	2020 RM
Primary geographical markets		
- Malaysia	239,000,951	198,177,601
- Other Asian countries	92,990,360	72,242,921
- Middle East	6,504,998	9,188,122
- Others	663,016	462,009
	339,159,325	280,070,653
Major product lines		
- Electrical and electronic appliances	339,159,325	280,070,653
Timing and recognition		
- At point in time	339,159,325	280,070,653



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

16. REVENUE (Cont'd)

16.2 Nature of goods

The following information reflects the typical transactions of the Group:

Nature of goods	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Household electrical and electronic appliances	Revenue is recognised at point in time when the goods are delivered and accepted by the customers.	Credit period of 30 - 90 days from invoice date.	Discounts, rebates and incentives are given to customers on a case-by-case basis.	The Group allows defective goods to be returned in exchange for new goods or cash refunds on a case-by-case basis.	Generally, assurance warranty of 1-2 years is given to customers except for motors or compressors which are given 5 years assurance warranty.

The Group applies the practical expedient on the exemption for disclosure of information on remaining performance obligations that would be fulfilled within one year.

17. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on:				
- financial liabilities that are not at fair value through profit or loss	3,212,925	4,958,414	-	-
- lease liabilities	69,624	139,269	-	-
	3,282,549	5,097,683	-	-
Less : Amount capitalised in property, plant and equipment (Note 3.1)	-	(873,548)	-	-
	3,282,549	4,224,135	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

18. RESULTS FROM OPERATING ACTIVITIES

Results from operating activities are arrived at after charging/(crediting):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
- Audit fee				
- KPMG PLT	191,000	191,000	36,000	36,000
- Other auditors	69,638	64,173	-	-
- Non-audit services				
- KPMG PLT	5,000	5,000	5,000	5,000
- Affiliates of KPMG PLT	131,180	101,180	29,680	3,180
Material expenses/(income)				
Property, plant and equipment written off	2,711,796	47,657	-	-
Inventories written down	1,177,436	146,383	-	-
Inventories written off	454,783	-	-	-
Research and development expenditure	689,494	1,122,038	-	-
Warehousing and logistic charges	1,752,145	4,809,000	-	-
Gain on disposal of assets classified as held for sale	-	(436,318)	-	-
(Loss)/Gain on disposal of property, plant and equipment and right-of-use assets	527,168	(9,431,321)	-	-
Gain on derecognition of right-of-use assets	(18,444)	-	-	-
Government grants*	(564,882)	(696,475)	-	-
Impairment of investments in subsidiaries	-	-	2,553,240	-
Fire insurance claim	(3,256,243)	-	-	-
Interest income	(108,598)	(86,128)	(491)	(35,870)
Royalty income	(899,770)	(602,527)	-	-
Realised gain on foreign exchange	(850,399)	(597,066)	(27,438)	(2,324)
Unrealised loss/(gain) on foreign exchange	17,497	(4,438)	(5,204)	29,508
Expenses/(income) arising from leases				
Expenses relating to:				
- short-term leases [#]	545,332	534,317	-	-
- leases of low-value assets [#]	41,252	45,041	-	-
Rental income	(360,000)	-	(1,200,000)	(1,050,000)

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

18. RESULTS FROM OPERATING ACTIVITIES (Cont'd)

Results from operating activities are arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net loss/(gain) on impairment of financial instruments				
(Reversal of)/Impairment loss on trade receivables	(411,469)	970,791	-	-
Bad debts written off	7,000	853	-	-
Bad debts recovered	(4,948)	(5,400)	-	-

* The Group and the Company received government grants as wage subsidies to retain local employees during the approved period of economic uncertainty brought about by the Coronavirus (COVID-19) outbreak. The government grants are recognised as other income in profit or loss.

The Group leases warehouses, office space, motor vehicles and office equipment with contract terms of 1 year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

19. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Recognised in profit or loss				
Current tax expense				
Current year	2,764,174	412,777	87,828	77,000
Prior years	(992,514)	210,359	-	(5,894)
	1,771,660	623,136	87,828	71,106
Deferred tax expense				
Current year	(501,269)	189,757	-	-
Prior year	449,000	(271,969)	-	-
	(52,269)	(82,212)	-	-
	1,719,391	540,924	87,828	71,106

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

19. TAX EXPENSE (Cont'd)

Reconciliation of tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	17,201,103	3,102,777	1,747,009	9,087,474
Income tax calculated using Malaysian tax rate of 24%	4,128,265	744,666	419,282	2,180,994
Effect of different tax rates in foreign jurisdictions	(360,704)	(147,645)	-	-
Income not subject to tax	(108,540)	(2,453,629)	(1,399,834)	(2,568,558)
Non-deductible expenses	1,737,822	1,316,385	1,083,552	464,564
Tax incentives	(2,500,338)	(12,363)	-	-
Utilisation of previously unrecognised deferred tax assets	(633,600)	-	-	-
Deferred tax assets not recognised	-	1,155,120	-	-
Other items	-	-	(15,172)	-
	2,262,905	602,534	87,828	77,000
Over provision in prior years	(543,514)	(61,610)	-	(5,894)
	1,719,391	540,924	87,828	71,106

Certain subsidiaries of the Group were previously granted pioneer status for a period of five years commencing 1 June 2012 under Section 127(3) of the Income Tax Act, 1967 with an option to extend the pioneer status for a period of another five years upon expiry of the initial tax exemption period, subject to approval by the relevant authority. During the pioneer status period, the relevant subsidiaries' statutory income are exempted from income tax.

During the last financial year, the Company submitted an application to the relevant authority to extend the pioneer status of its subsidiaries for another 5 years commencing 1 June 2017 and at the same time, appealed for the relaxation of certain conditions attached to the pioneer status.

On 20 July 2018, the pioneer status for the subsidiaries and relaxation of the pioneer status conditions were approved by the authority. However, the terms of the pioneer status were revised whereby the relevant subsidiaries' statutory income will now be partially instead of fully exempted from income tax retrospectively effective 1 June 2012. Further to the above, the Company had on 31 July 2018, 25 April 2019 and 28 April 2020 submitted appeals to the relevant authority on this matter.

During the current financial year, the Group has received the revised tax assessments from the authority for certain subsidiaries. Based on the revised tax assessments, the Group has updated the tax provisions previously recognised accordingly.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

20. STAFF COSTS - GROUP

	2021 RM	2020 RM
Salaries, wages and other emoluments	24,235,265	24,008,398
Defined contribution plans	2,273,872	2,307,393
Other employees benefits	693,106	793,377
Mutual separation scheme expenses	-	869,052
	<u>27,202,243</u>	<u>27,978,220</u>

The above staff costs include those paid to Directors and key management personnel as disclosed in Note 23.

There is no staff cost applicable to the Company save for Directors' fee as the payroll costs for key management staff and employees are paid by the operating subsidiaries.

21. EARNINGS PER ORDINARY SHARE - GROUP

21.1 Basic earnings per ordinary share

The basic earnings per ordinary share is calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares, excluding treasury shares held by the Company, calculated as follows:

	2021	2020
Profit attributable to owners of the Company (RM)	<u>15,819,184</u>	<u>2,881,709</u>
Weighted average number of ordinary shares at 31 May	<u>128,454,592</u>	<u>129,668,000</u>
Basic earnings per ordinary share (sen)	<u>12.32</u>	<u>2.22</u>

Weighted average number of ordinary shares:

	2021	2020
Issued ordinary shares at 1 June	129,668,000	129,668,000
Effect of treasury shares repurchased	(1,213,408)	-
Weighted average number of ordinary shares at 31 May	<u>128,454,592</u>	<u>129,668,000</u>

21.2 Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there were no outstanding instruments with potential dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

22. DIVIDENDS - GROUP AND COMPANY

Dividend recognised by the Company:

	Sen per share	Amount RM	Date of payment
Financial year ended 31 May 2021			

Single tier interim dividend	1.25	1,597,421	15 March 2021
------------------------------	------	-----------	---------------

A final dividend of 1 sen per ordinary share in respect of the financial year ended 31 May 2021 has been recommended by the Directors and is subject to shareholders' approval at the forthcoming Annual General Meeting.

These financial statements do not reflect this final dividend which, when approved by the shareholders of the Company, will be accounted for as an appropriation of retained earnings in financial year ending 31 May 2022.

23. RELATED PARTIES

23.1 Identity of related parties

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

The Group has related party relationship with its significant investor, subsidiaries, associates and companies in which certain Directors have a substantial financial interest.

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

23.2 Significant related party transactions

Related party transactions have been entered in the ordinary course of business and established under negotiated terms. The balances related to the below transactions are shown in Note 10 and Note 15.

The significant related party transactions of the Group and of the Company are as follows:

	2021 RM	2020 RM
Company		
Transactions with subsidiaries		
- Dividend income	5,800,000	10,700,000
- Rental income	1,200,000	1,050,000
- Subscription of shares	421,900	2,620,000

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

23. RELATED PARTIES (Cont'd)

23.2 Significant related party transactions (Cont'd)

	2021 RM	2020 RM
Group		
Transactions with associates		
- Sales	4,868,600	3,244,403
- Subscription of shares	590,660	-
Transactions with companies in which certain Directors have a substantial financial interests		
- Purchases	1,949,569	1,079,658
- Transportation charges	181,750	136,554
Transaction with a Director		
- Purchase of a property	-	4,000,000
Transactions with key management personnel		

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company				
Fees	282,000	222,000	282,000	222,000
Salaries and other emoluments	2,053,715	1,893,998	-	-
Defined contribution plan	163,763	162,047	-	-
	<u>2,499,478</u>	<u>2,278,045</u>	<u>282,000</u>	<u>222,000</u>
Directors of subsidiaries				
Salaries and other emoluments	537,618	471,064	-	-
Defined contribution plan	25,766	21,567	-	-
	<u>563,384</u>	<u>492,631</u>	<u>-</u>	<u>-</u>
	<u>3,062,862</u>	<u>2,770,676</u>	<u>282,000</u>	<u>222,000</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

24. OPERATING SEGMENT

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business unit, the Group's Chief Executive Officer and Managing Director review internal management reports at least on a quarterly basis.

The following summary describes the main business segments and business activities of each segment of the Group's reportable segments:

Manufacturing	Manufacture, assembly and sales of electrical and electronic appliances
Trading	Sales and distribution of electrical and electronic appliances
Others	Investment holding and provision of management services

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer and Group's Managing Director, who are the Group's operating decision makers. 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.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Segment assets

The total of 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 Chief Executive Officer and Group's Managing Director.

Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer and Group's Managing Director. Hence, no disclosure is made on segment liabilities.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

24. OPERATING SEGMENT (Cont'd)

Group	Manufacturing RM	Trading RM	Others RM	Total RM	Eliminations RM	Consolidated RM
2021						
Revenue						
External customers	3,506,562	335,652,763	-	339,159,325	-	339,159,325
Inter-segment	74,693,127	51,433,389	11,713,600	137,840,116	(137,840,116)	-
Total revenue	78,199,689	387,086,152	11,713,600	476,999,441	(137,840,116)	339,159,325
Segment profit	1,838,255	14,432,795	2,110,388	18,381,438	(1,180,335)	17,201,103
<i>Included in the measure of segment profit are:</i>						
Interest income	12,059	100,264	612	112,935	(4,337)	108,598
Finance costs	(513,183)	(3,007,620)	(6,598)	(3,527,401)	244,852	(3,282,549)
Depreciation and amortisation	(2,481,842)	(4,301,415)	(1,465,931)	(8,249,188)	1,326,763	(6,922,425)
Inventories written down	(3,964)	(1,173,472)	-	(1,177,436)	-	(1,177,436)
Share of results of associates	-	-	223,524	223,524	-	223,524
<i>Not included in the measure of segment profit but provided to CODM:</i>						
Loss on disposal of property, plant and equipment	(667,146)	139,978	-	(527,168)	-	(527,168)
Property, plant and equipment written off*	(11,238)	(2,700,553)	(5)	(2,711,796)	-	(2,711,796)
Inventories written off*	-	(454,783)	-	(454,783)	-	(454,783)
Fire insurance claim*	-	3,256,243	-	3,256,243	-	3,256,243
Segment assets	47,607,413	251,880,701	95,457,932	394,946,046	(113,572,928)	281,373,118
<i>Included in the measurement of segment assets are:</i>						
Additions to property, plant and equipment and right-of-use assets	205,411	7,489,879	342,962	8,038,252	(2,948,126)	5,090,126

* relating to a fire incident at one of the Group's premises Formatted:

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

24. OPERATING SEGMENT (Cont'd)

Group	Manufacturing RM	Trading RM	Others RM	Total RM	Eliminations RM	Consolidated RM
2020						
Revenue						
External customers	1,114,321	278,956,332	-	280,070,653	-	280,070,653
Inter-segment	49,843,397	16,613,035	16,585,800	83,042,232	(83,042,232)	-
Total revenue	50,957,718	295,569,367	16,585,800	363,112,885	(83,042,232)	280,070,653
Segment (loss)/profit	(2,698,452)	7,259,775	9,589,401	14,150,724	(11,047,947)	3,102,777
<i>Included in the measure of segment (loss)/profit are:</i>						
Interest income	14,330	79,539	36,285	130,154	(44,026)	86,128
Finance costs	(745,528)	(3,557,988)	(10,032)	(4,313,548)	89,413	(4,224,135)
Depreciation and amortisation	(2,764,025)	(3,928,928)	(1,466,542)	(8,159,495)	980,793	(7,178,702)
Inventories written down	(124,250)	(22,133)	-	(146,383)	-	(146,383)
Share of results of associates	-	-	11,368	11,368	-	11,368
<i>Not included in the measure of segment (loss)/profit but provided to CODM:</i>						
Gain on disposal of property, plant and equipment, right-of-use assets and assets classified as held for sale	1,389	9,866,250	-	9,867,639	-	9,867,639
Segment assets	33,691,169	229,811,937	97,302,254	360,805,360	(102,477,003)	258,328,357
<i>Included in the measurement of segment assets are:</i>						
Additions to property, plant and equipment and right-of-use assets	1,347,474	25,920,074	49,792	27,317,340	(1,498,915)	25,818,425



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

24. OPERATING SEGMENT (Cont'd)

24.1 Geographical information

Non-current assets information based on the geographical location of assets are as below. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax assets.

	Non-current assets	
	2021 RM	2020 RM
Malaysia	119,849,575	125,555,522
Other Asian countries	534,220	827,306
	120,383,795	126,382,828

The segregation of revenue by geographical area is disclosed in Note 16.

24.2 Major customer

The following represent sales to a company of which the total revenue equal to or was more than 10% of the Group's total revenue:

	Trading RM
2021	-
2020	28,103,325

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 May 2021 and 31 May 2020 categorised as amortised cost ("AC").

	Carrying amount RM	AC RM
2021		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	63,090,479	63,090,479
Fixed deposits	527,528	527,528
Cash and bank balances	22,359,087	22,359,087
	85,977,094	85,977,094

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 31 May 2021 and 31 May 2020 categorised as amortised cost ("AC"). (Cont'd)

	Carrying amount RM	AC RM
2021		
Financial assets		
Company		
Trade and other receivables (excluding prepayments)	3,811,778	3,811,778
Cash and bank balances	476,506	476,506
	<u>4,288,284</u>	<u>4,288,284</u>
Financial liabilities		
Group		
Trade and other payables (excluding contract liabilities)	62,183,891	62,183,891
Loans and borrowings	81,596,406	81,596,406
	<u>143,780,297</u>	<u>143,780,297</u>
Company		
Trade and other payables	<u>3,308,863</u>	<u>3,308,863</u>



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 31 May 2021 and 31 May 2020 categorised as amortised cost ("AC"). (Cont'd)

	Carrying amount RM	AC RM
2020		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	56,977,398	56,977,398
Fixed deposits	512,749	512,749
Cash and bank balances	26,146,062	26,146,062
	<u>83,636,209</u>	<u>83,636,209</u>
Company		
Trade and other receivables (excluding prepayments)	3,141,570	3,141,570
Cash and bank balances	37,126	37,126
	<u>3,178,696</u>	<u>3,178,696</u>
Financial liabilities		
Group		
Trade and other payables (excluding contract liabilities)	39,237,635	39,237,635
Loans and borrowings	92,214,081	92,214,081
	<u>131,451,716</u>	<u>131,451,716</u>
Company		
Trade and other payables	<u>3,115,429</u>	<u>3,115,429</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.2 Net gains and losses arising from financial instruments:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net gains/(losses) arising on:				
- Financial assets at amortised cost	564,990	(698,888)	(1,140)	51,063
- Finance liabilities measured at amortised cost	(2,426,998)	(4,538,138)	34,273	(42,377)
	(1,862,008)	(5,237,026)	33,133	8,686

25.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for borrowings granted to subsidiaries. There are no significant changes as compared to prior year.

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 credit evaluations are performed on customers requiring credit over a certain amount.

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

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group 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. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Exposure to credit risk, credit quality and collateral

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

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

	2021 RM	2020 RM
Group		
Malaysia	47,337,069	40,524,636
Other Asian countries	10,353,852	11,161,146
Middle East	4,553	1,226,867
Others	38,333	-
	57,733,807	52,912,649

Recognition and measurement of impairment loss

The Group uses an allowance matrix to measure expected credit loss ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due more than 120 days will be considered as credit impaired.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales and finance teams. Where necessary, the Group will also commence legal proceeding against the customers.

Loss rates are based on actual credit loss experienced over the past three years and forward-looking information. The Group believes that the financial impacts of the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 May 2021 and 31 May 2020.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2021			
Not past due	45,962,639	-	45,962,639
Past due less than 60 days	10,261,922	-	10,261,922
Past due 61 to 120 days	750,972	-	750,972
	56,975,533	-	56,975,533
Credit impaired			
Past due more than 120 days	2,321,434	(1,563,160)	758,274
	59,296,967	(1,563,160)	57,733,807

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross carrying amount RM	Loss allowances RM	Net balance RM
2020			
Not past due	37,994,504	-	37,994,504
Past due less than 60 days	9,034,872	(60,174)	8,974,698
Past due 61 to 120 days	4,453,450	(132,837)	4,320,613
	51,482,826	(193,011)	51,289,815
Credit impaired			
Past due more than 120 days	3,433,295	(1,810,461)	1,622,834
	54,916,121	(2,003,472)	52,912,649

There are past due trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period and based on the historical collection trend of these customers.

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

	Lifetime ECL	
	2021 RM	2020 RM
Group		
Balance at 1 June	2,003,472	1,049,469
Loss allowance provided	100,726	1,026,485
Reversal of loss allowance	(512,195)	(55,694)
Amount written off	(28,843)	(16,788)
Balance at 31 May	1,563,160	2,003,472

Cash and bank balances

The cash and bank balances are held with reputable banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks have low credit risks. In addition, some of the bank balances are insured by government agencies.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Other receivables

Credit risks on other receivables are mainly arising from advances to suppliers for securing the continuing supply of raw materials and insurance claim. The advances to suppliers will be utilised against the raw materials delivered to the Group while the insurance claim has been substantially received after the reporting period. The Group manages the credit risk together with the payables upon the delivery of the raw materials.

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

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. 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 amounted to RM79 million (2020 : RM90 million) representing the Company's exposure to the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

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

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

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances mainly 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.

The advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payment of the subsidiaries' advances, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.4 Credit risk (Cont'd)

Inter company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The Company determines the probability of default for these advances individually using internal information available.

The amount owing from subsidiaries of RM245,537 (31 May 2020 : RM813,932) is regarded to be of low credit risk.

25.5 Liquidity risk

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

The Group or the Company maintains a level of cash and bank balances and bank 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.



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.5 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 RM	Contractual interest rates/ discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2021							
Group							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts	1,229,407	7.00 - 7.95	1,229,407	1,229,407	-	-	-
Bankers' acceptances	34,629,875	2.36 - 4.85	34,629,875	34,629,875	-	-	-
Revolving credits	3,717,745	3.90 - 4.35	3,717,745	3,717,745	-	-	-
Term loans	40,037,065	3.10 - 5.35	50,186,221	7,333,914	5,360,325	12,166,764	25,325,218
Hire purchase creditors	1,982,314	2.11 - 3.45	2,222,629	737,308	627,721	857,600	-
Lease liabilities	454,605	5.38 - 11.00	477,089	355,589	113,400	8,100	-
Trade and other payables (excluding contract liabilities)	62,183,891	-	62,183,891	62,183,891	-	-	-
	144,234,902		154,646,857	110,187,729	6,101,446	13,032,464	25,325,218
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	3,308,863	-	3,308,863	3,308,863	-	-	-
Financial guarantee	-	-	79,000,000	79,000,000	-	-	-
	3,308,863		82,308,863	82,308,863	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.5 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: (Cont'd)

Group	Contractual						
	Carrying amount RM	discount rate per annum %	interest rates/ Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2020							
Group							
<i>Non-derivative financial liabilities</i>							
Bank overdrafts	5,408,394	7.50 - 8.50	5,408,394	5,408,394	-	-	-
Bankers' acceptances	36,854,690	3.28 - 4.50	36,854,690	36,854,690	-	-	-
Revolving credits	4,410,000	3.85 - 4.35	4,410,000	4,410,000	-	-	-
Term loans	43,836,601	3.94 - 6.54	57,386,342	6,135,745	7,393,602	14,442,071	29,414,924
Hire purchase creditors	1,704,396	2.22 - 3.45	1,864,280	701,996	528,802	633,482	-
Lease liabilities	1,617,671	5.38 - 11.00	1,787,989	917,501	385,088	309,400	176,000
Trade and other payables (excluding contract liabilities)	39,237,635	-	39,237,635	39,237,635	-	-	-
	<u>133,069,387</u>		<u>146,949,330</u>	<u>93,665,961</u>	<u>8,307,492</u>	<u>15,384,953</u>	<u>29,590,924</u>
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	3,115,429	-	3,115,429	3,115,429	-	-	-
Financial guarantee	-	-	90,000,000	90,000,000	-	-	-
	<u>3,115,429</u>		<u>93,115,429</u>	<u>93,115,429</u>	<u>-</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.6 Market risk

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

25.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Renminbi ("RMB") and Hong Kong Dollar ("HKD").

Risk management objectives, policies and processes for managing the risk

Foreign currency exchange exposures in currencies other than functional currency of the Group entities are kept to an acceptable level.

Exposure to foreign currency risk

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

	Denominated in		
	USD RM	RMB RM	HKD RM
Group			
2021			
Trade and other receivables	594,069	-	4,074,268
Cash and bank balances	1,962,259	2,588	244,561
Trade and other payables	(17,435,999)	(6,613,587)	(2,580,857)
Loans and borrowings	(2,267,796)	-	-
Net exposure	(17,147,467)	(6,610,999)	1,737,972
2020			
Trade and other receivables	716,465	-	5,541,376
Cash and bank balances	45,233	4,767	195,924
Trade and other payables	(9,540,243)	(2,497,201)	(2,201,281)
Loans and borrowings	(1,130,983)	-	-
Net exposure	(9,909,528)	(2,492,434)	3,536,019

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.6 Market risk (Cont'd)

25.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2020 : 10%) strengthening of the respective functional currencies of the Group entities 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 assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss	
	2021 RM	2020 RM
USD	1,303,208	753,124
RMB	502,436	189,425
HKD	(132,086)	(268,737)

A 10% (2020 : 10%) weakening of the respective functional currencies of the Group entities 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.

25.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

The Group manages this risk by having a combination of borrowings with fixed and floating rates. The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a regular basis.

Exposure to interest rate risk

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

Group	2021 RM	2020 RM
Fixed rate instruments		
Financial asset		
- Fixed deposits	527,528	512,749
Financial liabilities		
- Hire purchase creditors	1,982,314	1,704,396
- Bankers' acceptances	34,629,875	36,854,690
- Lease liabilities	454,605	1,617,671
	37,066,794	40,176,757

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.6 Market risk (Cont'd)

25.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	2021 RM	2020 RM
Group		
Floating rate instruments		
Financial liabilities		
- Term loans	40,037,065	43,836,601
- Bank overdrafts	1,229,407	5,408,394
- Revolving credits	3,717,745	4,410,000
	44,984,217	53,654,995

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

	Group	
	50 bp increase RM	50 bp decrease RM
Profit or loss		
Floating rate instruments		
2021	(170,940)	170,940
2020	(203,889)	203,889

25.7 Fair value information

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.7 Fair value information (Cont'd)

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.

2021	Group	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value					Carrying amount RM		
		Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM					
	Financial liabilities													
	Term loans													
	- Variable rate	-	-	-	-	-	-	-	-	40,037,065	-	40,037,065	40,037,065	40,037,065
	Hire purchase creditors	-	-	-	-	-	-	-	-	1,982,314	-	1,982,314	1,982,314	1,982,314
		-	-	-	-	-	-	-	-	42,019,379	-	42,019,379	42,019,379	42,019,379



NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.7 Fair value information (Cont'd)

2020	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	
Group									
Financial liabilities									
Term loans									
- Variable rate	-	-	-	-	-	-	43,836,601	43,836,601	43,836,601
Hire purchase creditors	-	-	-	-	-	-	1,704,396	1,704,396	1,704,396
	-	-	-	-	-	-	45,540,997	45,540,997	45,540,997

The Company provides financial guarantees to banks for borrowings granted to certain subsidiaries. The fair value of such guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS (Cont'd)

25.7 Fair value information (Cont'd)

Policy on transfer between levels

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

Non-derivative financial liabilities

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

Level 3 fair value

The carrying amount of floating rate term loans approximate their fair values as their effective interest rates change accordingly to movements in the market interest rate. The fair value of finance lease liabilities is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements which range from 2.11% to 3.45% (2020 : 2.22% to 3.45%).

26. 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 that complies with debt covenants and regulatory requirements.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital and that such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

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

27. CAPITAL COMMITMENT

	2021 RM	2020 RM
Property, plant and equipment		
Contracted but not provided for	<u>123,998</u>	<u>1,133,031</u>

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 5 August 2020, a fire occurred at Pensonic Sales & Services Sdn. Bhd.'s ("PSS") office cum service centre in Petaling Jaya which resulted in property, plant and equipment and inventories of RM2,557,129 and RM454,783 respectively being written off.

Consequent to the above incident, PSS has submitted insurance claims for RM3,256,243 of which, RM388,579 was received during the financial year and the remaining RM2,867,664 subsequent to the end of the financial reporting period. The property, plant and equipment and inventories written off were netted against the insurance claim and presented as other income in profit or loss.

29. CONTINGENT LIABILITY - COMPANY

	2021 RM	2020 RM
Corporate guarantee given to financial institutions for banking facilities granted to subsidiaries - limit	<u>168,720,000</u>	<u>207,080,000</u>

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

30. SUBSEQUENT EVENT

Subsequent to the end of the reporting period, the Group received an offer to acquire its investment properties comprising a leasehold land together with office building and warehouse erected thereon for a total purchase consideration of RM15,800,000 for which, a 10% deposit has been received.

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 52 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2021 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:

.....
**Y. Bhg. Dato' Seri Chew Weng Khak @
Chew Weng Kiak**
Director

.....
Chew Chuon Ghee
Director

Penang,

Date : 27 September 2021



STATUTORY DECLARATION

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

I, **Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak**, the Director primarily responsible for the financial management of Pensonic Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 123 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at George Town in the State of Penang on 27 September 2021.

.....
**Y. Bhg. Dato' Seri Chew Weng Khak @
Chew Weng Kiak**

Before me :

Goh Suan Bee
(No. P125)
01-01-2019~31-12-2021
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PENSONIC HOLDINGS BERHAD

(Registration No. 199401014746 (300426 - P))

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pensonic Holdings Berhad, which comprise the statements of financial position as at 31 May 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2021, 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 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.

Valuation of inventories

Refer to Notes 1(d) - Use of estimates and judgements and 2(i) – Inventories.

The key audit matter

As at 31 May 2021, the carrying amount of the Group's inventories as disclosed in Note 9 amounted to RM68.5 million which comprised a wide range of household electrical products and appliances.

Inventories are required to be measured at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value require the use of judgement on estimated selling price and future customer demand.

Given the wide range of inventories carried by the Group and the judgement required to determine the write down of the inventories, we have identified valuation of inventories as a key audit matter.

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others:

- We attended the year end physical inventory counts to identify whether any inventories were damaged;
- We assessed the Group's inventory write-down policy by considering the age of the inventories, historical consumption and sales trend of the inventories;
- We tested the accuracy of the sales by product reports relied by the Group to assess inventories for write down; and
- We selected items of inventories on sampling basis and compared the carrying amount of the inventories to the selling price transacted after year end or recent sales transacted during the year and checked that they were sold at prices higher than the carrying amount.

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



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PENSONIC HOLDINGS BERHAD (Cont'd)

(Registration No. 199401014746 (300426 - P))

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PENSONIC HOLDINGS BERHAD (Cont'd)

(Registration No. 199401014746 (300426 - P))

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

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

- 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other 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

Penang

Date : 27 September 2021

Raymond Chong Chee Mon
Approval Number : 03272/06/2022 J
Chartered Accountant



LIST OF PROPERTIES OWNED BY THE GROUP

As at 31 May 2021

Registered Owner	Address/Location	Description/ Existing use	Approximately age of buildings (Years)	Tenure	Land/Built-up area	Audited net book value as at 31 May 2021 RM
PE	Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, Penang.	Industrial land with factory, warehouse and office	24	Leasehold Expiring in 2054	133,289 sq. ft. / 112,050 sq. ft.	3,874,730
PSS	Lot 4, Towering Industrial Centre, 88300 Penampang, Kota Kinabalu, Sabah.	Warehouse and office	29	Leasehold Expiring in 2037	2,700 sq. ft.	153,810
PSS	Lot No. 23B & 24B, Mukim Kapar, Daerah Klang, Selangor	Warehouse	2	Freehold	270,465 sq. ft. / 159,435 sq. ft.	48,329,275
PSS	Lot 11-A, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Warehouse and office	17	Leasehold Expiring in 2070	43,560 sq. ft. / 36,255 sq. ft.	3,837,505
PI	895, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, MK. 13, 14100 Bukit Minyak, Penang.	Industrial land with factory, warehouse and office	18	Leasehold Expiring in 2063	130,685 sq. ft. / 75,260 sq. ft.	4,319,816
PHB	1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	Industrial land with warehouse and office	9	Leasehold Expiring in 2059	261,380 sq. ft. / 224,158 sq. ft..	43,143,343
PSS	141, 143 & 145 Jalan Perak, 11600 George Town, Penang	Shophouse	15	Freehold	4,887 sq. ft. / 5,889 sq. ft.	4,058,001

ANALYSIS OF SHAREHOLDING

SHAREHOLDING STATISTICS AS AT 20 AUGUST 2021

Class of securities	: Ordinary Shares
Total number of issued shares	: 129,668,000 ordinary shares (including 3,294,100 treasury shares)
Voting rights	: 1 vote per share on a poll
Number of shareholders	: 2,766

DISTRIBUTION SCHEDULE OF SHAREHOLDING AS AT 20 AUGUST 2021

No. of Holders	Size of Holding	No. of Shares	%
42	less than 100 shares	864	#
244	100 to 1,000 shares	122,596	0.10
1,578	1,001 to 10,000 shares	8,472,676	6.70
800	10,001 to 100,000 shares	21,687,300	17.16
100	100,001 to 6,318,694	68,779,240	54.43
2	above 6,318,694	27,311,224	21.61
2,766		126,373,900	100.00

Negligible

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 20 AUGUST 2021

Name	No. of Shares	%
1 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW WENG KHAK REALTY SDN. BHD. (SMART)	20,061,924	15.88
2 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW WENG KHAK @ CHEW WENG KIAK	7,249,300	5.74
3 CHEW WENG KHAK REALTY SDN BHD	6,000,000	4.75
4 CHEW CHUON GHEE	4,600,000	3.64
5 CHEW WENG KHAK @ CHEW WENG KIAK	3,785,000	3.00
6 CHEW CHUON FANG	3,400,000	2.69
7 CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,782,500	2.20
8 CHEW CHUON FANG	2,781,000	2.20
9 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW CHUON JIN (SMART)	2,772,000	2.19
10 CHEW CHUON JIN	2,626,400	2.08
11 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW CHUON JIN (6000225)	2,500,000	1.98
12 CHEW CHUON GHEE	2,310,000	1.83
13 TAN AH NYA @ TAN BEE TIANG	2,200,000	1.74
14 TIU JON HUI	2,130,000	1.69
15 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW CHUN CHIA (MID-VALLEY-CL)	2,000,000	1.58
16 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW PEI GEE (MID-VALLEY-CL)	2,000,000	1.58

ANALYSIS OF SHAREHOLDING REPORT

(Cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 20 AUGUST 2021 (Cont'd)

Name	No. of Shares	%
17 CHEW CHUON GHEE	1,794,000	1.42
18 JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	1,432,800	1.13
19 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOOI BOON HAN	1,364,900	1.08
20 LEE ANN NEE	1,000,000	0.79
21 LEE JOOI SENG	1,000,000	0.79
22 LIM LIENG PIAU	1,000,000	0.79
23 PANG KAH FANG	856,700	0.68
24 CHEONG SOK YIN	819,200	0.65
25 LEE SENG LONG	737,880	0.58
26 TAM KAI YUEN	700,000	0.55
27 LIM LIENG PIAU	617,800	0.49
28 LUM CHEE YUN	600,000	0.47
29 PHNUAH FARN FARN	560,000	0.44
30 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HUI LUN (6000201)	500,000	0.40
Total	82,181,404	65.03

SUBSTANTIAL SHAREHOLDERS AS AT 20 AUGUST 2021

Name of substantial shareholders	Direct Interest		Indirect Interest	
	No of shares	%	No of shares	%
CHEW WENG KHAK REALTY SDN BHD	26,061,924	20.62	-	-
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	11,034,300	8.73	28,261,924 ^{a/b}	22.36
CHEW CHUON GHEE	8,704,000	6.89	-	-
CHEW CHUON JIN	7,898,400	6.25	16,800 ^c	0.01

STATEMENT OF DIRECTORS' SHAREHOLDING AS AT 20 AUGUST 2021

Name of directors	Direct Interest		Indirect Interest	
	No of shares	%	No of shares	%
Y. BHG. DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	11,034,300	8.73	32,261,924 ^{a/b}	25.53
CHEW CHUON JIN	7,898,400	6.25	16,800 ^c	0.01
CHEW CHUON GHEE	8,704,000	6.89	-	-
CHEW CHUON FANG	6,181,000	4.89	-	-

Notes :

- By virtue of his interest in the shares of the Company (through Chew Weng Khak Realty Sdn Bhd), Dato' Seri Chew Weng Khak @ Chew Weng Kiak is deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.
- Indirect interest through his spouse, Datin Seri Tan Ah Nya @ Tan Bee Tiang and/or children, Chew Chun Chia and Chew Pei Gee pursuant to Section 59(11)(c) of the Companies Act 2016 ("Act").
- Indirect interest through his spouse, Tan Guat See pursuant to Section 59(11)(c) of the Act.

ANALYSIS OF WARRANTHOLDING

Class of securities	: 64,834,000 warrants
Exercise price of warrants	: RM0.60 for each warrant
Expiry date of warrants	: 20 January 2024
Voting rights	: One Vote per warrant at any warrantholders' meeting
Number of warrantholders	: 677 holders

DISTRIBUTION SCHEDULE OF WARRANTHOLDING AS AT 20 AUGUST 2021

No. of Holders	Size of Holding	No. of Warrants	%
13	less than 100 shares	590	#
31	100 to 1,000 shares	19,714	0.03
340	1,001 to 10,000 shares	1,588,718	2.45
222	10,001 to 100,000 shares	8,158,766	12.58
68	100,001 to less than 5% of issued shares	36,410,600	56.16
3	5% and above of issued shares	18,655,612	28.78
677		64,834,000	100.00

Negligible

THIRTY (30) LARGEST WARRANT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AT AT 20 AUGUST 2021

Name	No. of Warrants	%
1 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW WENG KHAK REALTY SDN. BHD. (SMART)	8,569,912	13.22
2 CHEW WENG KHAK @ CHEW WENG KIAK	5,600,000	8.64
3 CHEW CHUON JIN	4,485,700	6.92
4 OLIVE LIM SWEE LIAN	2,200,000	3.39
5 CHEW WENG KHAK REALTY SDN BHD	2,100,000	3.24
6 GV ASIA FUND LIMITED	1,997,400	3.08
7 CHEW CHUON FANG	1,827,000	2.82
8 ANG YOOK CHU @ ANG YOKE FONG	1,737,400	2.68
9 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOOI BOON HAN	1,526,800	2.35
10 CHEW WENG KHAK @ CHEW WENG KIAK	1,400,000	2.16
11 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW WENG KHAK @ CHEW WENG KIAK	1,400,000	2.16
12 CHEW CHUON GHEE	1,155,000	1.78
13 VOON SZE LIN	1,085,800	1.67
14 CHEW CHUON FANG	1,050,000	1.62
15 PHNUAH FARN FARN	1,000,300	1.54
16 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW CHUON JIN (SMART)	1,000,000	1.54
17 JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON JYE WAH	938,600	1.45

ANALYSIS OF WARRANTHOLDING

(Cont'd)

THIRTY (30) LARGEST WARRANT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AT AT 20 AUGUST 2021 (Cont'd)

Name	No. of Warrants	%
18 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIE TECK BING (MQ0657)	865,200	1.33
19 HEH WUN YEE	797,000	1.23
20 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (E-BMM)	780,100	1.20
21 JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	715,100	1.10
22 CHEW CHUON GHEE	700,000	1.08
23 CGS-CIMB NOMINEES (ASING) SDN BHD PIONEER UNITED LIMITED (JS 803)	686,400	1.06
24 SEE HOCK CHUAN	576,300	0.89
25 TANG PIK HOU @ CHIN PIK HOU	507,300	0.78
26 JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON JYE YNG	505,700	0.78
27 YEOH WEII SYUEN	455,800	0.70
28 SOO LIN KHAI	454,600	0.70
29 TAN AH NYA @ TAN BEE TIANG	420,000	0.65
30 VYTHINATHAN DONALD THAVER	399,000	0.62
Total	46,936,412	72.38

STATEMENTS OF DIRECTORS' WARRANTHOLDING AS AT 20 AUGUST 2021

Name of warrant holders	Direct Interest		Indirect Interest	
	No of shares	%	No of shares	%
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	8,400,000	12.96	11,089,912 ^{a/b}	17.11
CHEW CHUON JIN	5,485,700	8.46	10,000 ^c	0.02
CHEW CHUON GHEE	2,002,000	3.09	-	-
CHEW CHUON FANG	2,877,000	4.44	-	-

Notes :

- a Indirect interest through Chew Weng Khak Realty Sdn. Bhd.
- b Indirect interest through his spouse, Datin Seri Tan Ah Nya @ Tan Bee Tiang and/or children, Chew Chun Chia and Chew Pei Gee pursuant to Section 59(11)(c) of the Companies Act 2016 ("Act").
- c Indirect interest through his spouse, Tan Guat See pursuant to Section 59(11)(c) of the Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting (“AGM”) of PENSONIC HOLDINGS BERHAD (“PENSONIC” or the “Company”) will be conducted on a fully virtual basis via online meeting platform at <https://agm.digerati.com.my/pasb-online> on Thursday, 28 October 2021 at 2.30 pm to transact the following business:

AGENDA

As Ordinary Business

- | | | |
|----|--|------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 May 2021 together with the Reports of Directors and Auditors thereon. | Please refer to Explanatory Note 1 |
| 2. | To approve a final single tier dividend of 1 sen per ordinary share for the financial year ended 31 May 2021. | Ordinary Resolution 1 |
| 3. | To re-elect the following Directors who retire in accordance with Clause 103 of the Company's Constitution and who, being eligible, have offered themselves for re-election: | |
| | (a) Chew Chuon Jin | Ordinary Resolution 2 |
| | (b) Dato' Tahir Jalaluddin Bin Hussain | Ordinary Resolution 3 |
| 4. | To approve the payment of Directors' Fees of up to RM300,000 for the period commencing this AGM through to the next AGM of the Company in 2022. | Ordinary Resolution 4 |
| 5. | To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business

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

- | | | |
|----|--|-----------------------|
| 6. | AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 | Ordinary Resolution 6 |
|----|--|-----------------------|

“THAT, subject always to the Companies Act, 2016 (“the Act”), the Constitution of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of total number of issued shares/ total number of voting shares of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued.”

- | | | |
|----|---|-----------------------|
| 7. | PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS' MANDATE”) | Ordinary Resolution 7 |
|----|---|-----------------------|

“THAT subject always to the Act, the Constitution, the Listing Requirements and the approvals of the relevant government/regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into related party transactions with the Mandated Related Parties, particulars of which are set out in the Circular dated 29 September 2021, provided that such transactions are:

- recurrent transaction of a revenue or trading nature;
- necessary for the day-to-day operations of the Company and/or its subsidiaries;
- carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms with those generally available to the public; and
- not detrimental to the interests of the minority shareholders of the Company;

AND THAT such authority shall continue to be in force until:

- the conclusion of the next AGM of the Company following this AGM where the authority is approved, at which time the authority will lapse unless renewed by a resolution passed at the meeting; or
- the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or



NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE") (Cont'd)**

AND THAT such authority shall continue to be in force until: (Cont'd)

- c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be authorized to do, carry out and complete all such acts, things and arrangements (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions as contemplated/authorized by the Proposed Shareholders' Mandate in accordance with the Act, provisions of the Constitution, the Listing Requirements and any other regulatory authorities, and other relevant approvals."

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES** Ordinary Resolution 8

"THAT, subject always to the Act, provisions of the Constitution and the Main Market Listing Requirements of the Bursa Securities ("Listing Requirements") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to purchase ordinary shares in the Company's total number of issued shares ("PHB Shares") through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:

- i) the maximum aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the PHB Shares for the time being;
- ii) the maximum amount of fund to be allocated by the Company for the purpose of purchasing the PHB Shares shall not exceed the audited retained profits of RM17,047,585 of the Company as at 31 May 2021;
- iii) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue in force until:
 - a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements or any other relevant authorities;
- iv) upon completion of the purchase(s) of the PHB Shares by the Company, the Directors of the Company be hereby authorised to deal with the PHB Shares in the following manner:
 - a) to cancel the PHB Shares so purchased; or
 - b) to retain the PHB Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
 - c) to retain part of the PHB Shares so purchased as treasury shares and cancel the remainder; or
 - d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of PHB Shares."

9. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

By Order of the Board
Ong Tze-En
Company Secretary
MAICSA 7026537
SSM PC No. 202008003397

Penang, 29 September 2021

Notes:

1. A proxy must be of full age. A proxy may but need not be a member. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting. PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his / their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
2. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member 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. An Exempt Authorized Nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
6. If the appointor is a corporation the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.
7. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 21 October 2021 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

Explanatory Notes on Ordinary and Special Business:

1. Item 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of shareholders of the Company and hence, Item 1 is not put forward for voting.
2. Under the proposed **Ordinary Resolution 4**, the Directors' fees to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company. The Directors' fees are in the best interest of the Company and in accordance with the remuneration framework of the Group. The Directors' fees, if passed, will facilitate the payment of Directors' fees to the Directors for the period commencing this AGM through to the next AGM. Details of Directors' fees for the financial year ended 31 May 2021 are enumerated under the Corporate Governance Overview Statement in the Annual Report 2021.
3. The proposed **Ordinary Resolution 6**, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board of Directors to issue and allot ordinary shares at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting 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 at the last AGM held on 28 October 2020 and which will lapse at the conclusion of the 27th AGM. The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
4. The proposed **Ordinary Resolution 7**, if passed, will approve the Proposed Shareholders' Mandate and allow the Company and its subsidiaries to enter into the existing recurrent related party transactions as set out in the Circular dated 29 September 2021. This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or revoked or varied by resolutions passed by the shareholders of the Company in a general meeting; whichever is the earliest.
5. The proposed **Ordinary Resolution 8**, if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities)

No individual is standing for election as a Director at the forthcoming AGM of the Company.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 27th Annual General Meeting of the Company, a final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 May 2021 will be payable on 31 December 2021 to depositors registered in the Records of Depositors at the close of business on 16 December 2021.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares transferred into the depositor's securities account before 4.30 p.m. on 16 December 2021 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board
Ong Tze-En
MAICSA 7026537 | SSM PC No. 202008003397
Company Secretary

Penang
29 September 2021



ADMINISTRATIVE GUIDE

For Shareholders

General Meeting	: Twenty-Seventh Annual General Meeting ("27th AGM")
Day, Date, and Time of Meeting	: Thursday, 28 October 2021 at 2.30 pm
Online Meeting Platform	: https://agm.digerati.com.my/pasb-online

We continue to exercise prudence in this situation where COVID-19 is still ongoing and strictly complying to the decree of the Government of Malaysia ("Government") and the Guidance and Frequently Asked Questions of the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia ("SC") ("**Guidance Note and FAQs**").

Pursuant to the implementation of total lockdown announced by the Government and in accordance with the revised SC Guidance Note and FAQs, during the total lockdown period beginning 1 June 2021 ("**FMCO**"), all general meetings shall be conducted online and all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders shall participate in the meeting via the online platform. Hence, **Pensonic Holdings Berhad** ("**Pensonic**" or the "**Company**") meeting will be held as fully virtual meeting via live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities at <https://agm.digerati.com.my/pasb-online>.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of shareholders and proxies. Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained.

Entitlement to Participate and Vote Remotely

Shareholders whose names appear on the Record of Depositors ("**ROD**") as at 21 October 2021 shall be eligible to attend, participate and vote remotely in the meeting, or appoint proxy(ies)/ the Chairman of the general meeting to attend, participate and/or vote on his/her behalf.

PROCEDURES TO PARTICIPATE IN RPV FACILITIES

Members/proxies/corporate representatives who wish to participate in the 27th Annual General Meeting ("AGM") remotely using RPV must follow the following procedures:

Step	Action	Procedure
A	To register as a user using the Registrar website: https://agm.digerati.com.my/pasb-online	<ul style="list-style-type: none">• Complete the registration form.• Upload your identity documents.• Submit your registration form.• You need to verify your email to complete the registration. (Please check your spam mailbox if you do not receive the email)• You will receive an email upon successful or rejected registration.• You may skip this step if you are already a registered user.
B	To request for RPV	<ul style="list-style-type: none">• Login your registered account at https://agm.digerati.com.my/pasb-online• Select "Pensonic 27th AGM".• Read and agree to Terms & Conditions then confirm the Declaration.• Complete and submit the request form.• You may appoint proxy(s) in the request form.• You may pose your question, if any, to the Chairman/Board in the request form.• Registrar will verify your request against the ROD after closing time. Closing time for request submission will be 48 hours prior to the meeting. No request will be entertained after closing time.• You and your proxy(s) will receive a notification email upon approval or rejection of RPV.• In the case of approval, below links will be attached in the email.<ol style="list-style-type: none">1. Broadcast link2. E-Poll Form link

ADMINISTRATIVE GUIDE

For Shareholders

(Cont'd)

PROCEDURES TO PARTICIPATE IN RPV FACILITIES

Members/proxies/corporate representatives who wish to participate the 27th Annual General Meeting ("AGM") remotely using RPV must follow the following procedures:

Step	Action	Procedure
C	On the day of AGM	<ul style="list-style-type: none">• Login your registered account at https://agm.digerati.com.my/pasb-online• Access to Broadcast and E-Poll Form using the website or through email links.• If you have any question for the Chairman/Board, you may use the Q&A section to text your question. If time permits, the Chairman/Board will try to respond to those relevant questions relating to the businesses which are submitted by remote participants.• Submit your voting within a specific period of time once the Chairman announces that the voting is open.• Voting will be closed upon the expiry of the voting period.• Broadcast will be terminated upon the announcement of the poll result by the Chairman.

ADDITIONAL INFORMATION

Voting Procedure

Voting at AGM will be conducted by poll. The Company has appointed Plantation Agencies Sdn. Berhad as the poll administrator to conduct the polling process and Quantegic Services Sdn. Bhd. as the independent scrutineers to verify the results of the poll.

Meeting Venue

As a result of the implementation of the FMCO by the Government on 28 May 2021 as well as the revised SC Guidance Note and FAQs, when a listed issuer conducts its general meeting during FMCO, the listed issuer is only allowed to conduct a fully virtual general meeting where all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online. Physical gatherings no matter how small are prohibited. Therefore, there shall be no broadcast venue to air the general meeting.

According to the revised SC Guidance Note and FAQs, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of Companies Act 2016 provided that the online platform is located in Malaysia.

No Gift and Food Voucher

There will be no gift and food voucher for shareholders, proxies and corporate representatives who participate in the meeting.

Enquiry

If you have any enquiry or require any assistance before or during the AGM, please contact the Share Registrar during office hours (Monday to Friday).

Plantation Agencies Sdn Berhad
195501000033 (2603-D)
3rd Floor No. 2 Lebuhr Pantai
10300 George Town
Penang

Telephone : +604 2625333
Fax : +604 2622018
Email : pasb_helpdesk@digerati.com.my

If you face any problem joining the AGM, please contact the Technical Support.

Digerati Technologies Sdn. Bhd.

Telephone : +6016-9795956



FORM OF PROXY

CDS Account No.:	No. of shares held:

I/We _____
(Full name in Block Letters and NRIC / Passport No. / Company No.)

of _____
(Address)

and _____ and _____
(Tel. No) (email address)

being a Member(s) of Pensonic Holdings Berhad, hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	% of Shareholding
Address	Email address	Contact No.

* and/or failing him/her

Full Name (in Block Letters)	NRIC/Passport No.	% of Shareholding
Address	Email address	Contact No.

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be conducted on a fully virtual basis via online meeting platform at <https://agm.digerati.com.my/pasb-online> or at any adjournment thereof, to vote as indicated below:

Resolutions	For	Against
1 Payment of final single tier dividend		
2 Re-election of Chew Chuon Jin		
3 Re-election of Dato' Tahir Jalaluddin Bin Hussain		
4 Payment of Directors' fees		
5 Re-appointment of auditors		
6 Authority to issue shares pursuant to Sections 75 & 76 of the Companies Act 2016		
7 Proposed renewal of shareholders' mandate for recurrent related party transactions of a Revenue or Trading Nature		
8 Proposed renewal of authority for the Company to buy-back its own shares		

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

Dated this _____ day of _____ 2021.

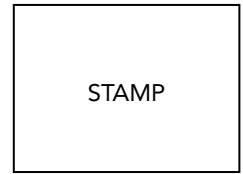
 Signature of Member(s) or/ Common Seal

Notes:

- A proxy must be of full age. A proxy may but need not be a member. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting. PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his / their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
- A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member 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. An Exempt Authorized Nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- If the appointor is a corporation the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.
- For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 21 October 2021 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.



Fold this flap for sealing



The Company Secretary
PENSONIC HOLDINGS BERHAD
(Registration No: 199401014746 (300426-P))

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

Fold here



PENSONIC
Your Equipment

Cornell
a simple life

LEBENSSTIL
KOLLEKTION

Töush
inspired by Perstorp

morphyrichards
smart ideas for your home

bellini
BRING EVERY GREAT IDEA

ALL BRANDS ONE APP



Download & Register Circlez App For Exclusive Members Only Deals
DOWNLOAD NOW!



Online Warranty • Rewards • Estore • Product Status Updates

PENSONIC SALES & SERVICE CENTRES

MALAYSIA

PENANG HEAD OFFICE, SHOWROOM

1165, Lorong Perindustrian Bukit Minyak 16,
Taman Perindustrian Bukit Minyak,
14100 Simpang Ampat, Penang, Malaysia.

PJ SHOWROOM & CUSTOMER CARE CENTRE

Lot 11A, Jalan 223 Sec 51A, 46100
Petaling Jaya, Selangor Darul Ehsan.

Showroom

Tel. Fax: 603- 7954 5200 / 7954 5705

Customer Care Centre

Tel. Fax: 603- 7954 5221 / 7954 5706

PENANG

143- 145, Perak Rd., 10150 Penang.
Tel: 604- 226 9923 / 050

JOHOR BAHRU

31, Jalan Ros Merah Satu/1,
Taman Johor Jaya, 81100
Johor Bahru, Johor.

SABAH

Lot 4, Towering Industrial Centre,
88300 Penampang, Kota Kinabalu, Sabah.
Tel. Fax: 6088- 715 519 / 715 730

KOTA BHARU

PT-621 Ground Floor,
Batu 2 Jalan Pengkalan Chepa,
15400 Kota Bharu, Kelantan.

LABUAN

SU11T/SL05, Wisma Wong
Wo Lo, 87000 Labuan.

PN 7884, Jalan OKK,
Awang Besar, W.P Labuan,
87000 Labuan.

Core Line

Please Call **1-800-881-770**

call this number for any enquiries

For Prompt After-Sales Service (For Malaysia Only)

* Operation Hours: Mon - Fri 8:30am - 5:30pm
Sat, Sun & Public Holiday Closed

PENSONIC SALES & SERVICE SDN. BHD. (199401014746/300425-P)

2021
Annual Report

PENSONIC SALES & SERVICE CENTRES

WORLDWIDE

CHINA

5F, Block 10, XiangZhou Technology
Industrial District Meihua Xi Road, No.
2372 XiangZhou Zhuhai City, 519000,
Guangdong, China
Tel: 0756- 852 5933

HONG KONG

No.2, 14th Floor, Keen Hung Commercial
Building, 80 Queen's Road East,
Wan Chai, Hong Kong.
Tel. Fax: 852- 2727 0997 / 2758 5088

SINGAPORE

2 Leng Kee Road, #06-03 Thye Hong
Centre Singapore 159086
Tel. Fax: 65- 6472 6504 / 6475 9534

CHINA

Foshan Tianyi Commerce., Ltd
Room No. 802, 8th Floor of Rongshan
Postal Building, No.6 Rongqi Dadao,
Ronggui Street, Shunde, Foshan,
Guangdong Province, China
Tel: 852- 2290 2280

BRUNEI

No D1, Spg 396, Jln Jerudong,
Bangunan Perkasa 1, Kampung
Sengkurong B, Bg 1321,
Brunei Darussalam
Tel. Fax: 673- 2611 918 / 2610 801

THAILAND

83/ 161-162 Moo 6, Soi Chinaket 2,
Ngamwongwan Road, Thungsonghong
Laksi Bangkok 10210 Thailand.
Tel. fax: 622- 9545 281-3 / 5807 443

INDONESIA

JL. Jembatan III Barat, Blok E Kav.
No. 8 Kelurahan Penjaringan,
Kecamatan Penjaringan Jakarta
Utara 14440, Indonesia.
Tel: 621- 2267 4720

CAMBODIA

Lot# 1529, National Road 2, Sangkat
Chak Angre Krom, Khan Meanchey,
Phnom Penh, 120602, Cambodia.
Tel: 855- 89 308474

PHILIPPINES

HEAD OFFICE

165 Quirino Avenue Baesa, Quezon City
Manila Philippines 1115

GMAX Service Center

#606 Evangelista St G Puyat St Quiapo Manila
Tel: 733-28-51 / (02) 7357691 / (02) 7332840

VIETNAM

No 59-61 Nguyen Thi Thap Street,
Him Lam Area, Tan Phong Ward,
District 7 Ho Chi Minh City, Vietnam.
Tel. Fax: 848- 3945 3483 / 3945 3482

EGYPT

Usama Shahin St of Saad Zagloul St.,
El Bar Eisharkey Shibin El Kom Menofia,
POB 32514, Egypt.
Tel. fax: 201- 0009 3033

EQUATORIALE GUINEA

Calle Ebebeyin, B.P. 177 Malabo,
Equatorial Guinea.
Tel. Fax: 204- 096 444

LEBANON

Verdun-Bekaa Str-Zahraa Bldg-3 Fir,
P.O.Box 155150 Beirut-Lebanon.
Tel. Fax: 961- 1817 681 / 1318 152

FIJI

Centerpoint 1, Ratu Dovi Road,
GPO Box 14416 Suva Fiji
Tel. Fax: 679- 339 3111 / 334 0255

BAHRAIN

P.O.Box 10887, Manama, Bahrain.
Tel. Fax: 973- 1722 4220 / 1770 0043

SRI LANKA

No. 68, Keyzer Street
Colombo 11, Sri Lanka.
Tel: 9411- 2343586 Fax: 9411- 2326699

IRAQ

Masbah Street, AL Karrada,
Baghdad, Iraq.
Tel: 964 - 770 533 1123

TIMOR LESTE

Avenida De Presidente Nicolau Lobato,
Bidau, Lecidere, Nain Feto Dili, Timor Leste
Tel: 670- 3311278

SEYCHELLES

P.O.Box 1371, Victoria, Mahe, Seychelles.
Tel. Fax: 248- 323 680 / 324 724

MALDIVES

Ma.Elyzium - Buruzumagu
Male' 20240 Maldives
Tel: 960- 3009907

MAURITIUS

12, Corderie Street, Port Louis, Mauritius.
Tel: 230- 2121563

PAKISTAN

Shop, # 40 & 45, Gemini Shopping Plaza
Opp BVS School, Abdullah Haroon Road,
Saddar, Karachi-74400
Tel. Fax: 92 21- 3271 1377

MYANMAR

No. 15, (6) Ward, Waizayandar Road,
South Okkalapa Township,
Yangon, Myanmar.
Tel: 95- 9750114898

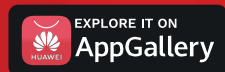
SOUTH KOREA

6F, Jung Am Building, Eun-cheon-ro 25,
Kwan-Ak-gu, Seoul, Korea.
Tel: 070- 4185 3645 Fax: 0507- 0326 7040



Get Circlez App now!

Now Available At



ONLINE WARRANTY • REWARDS • ESTORE • PRODUCT STATUS UPDATES

www.pensonic.com



PENSONIC
Your Enjoyment

Pensonic Holdings Berhad - Incorporated In Malaysia
(199401014746/300426-P)

1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.

Tel : 604-507 0393 ▲ Fax: 604-507 3825 ▲ info@pensonic.com

All Rights Reserved